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NATION'S BUSINESS



SEPTEMBER • 1931

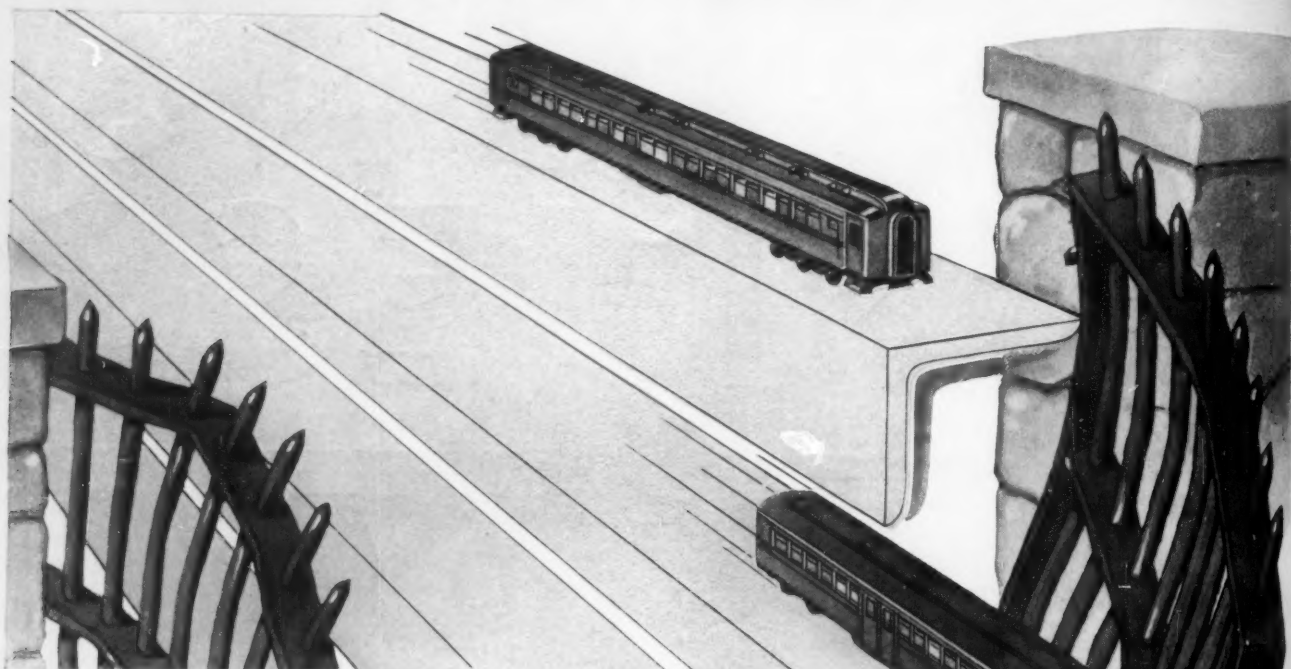


Where Do We Stand Today?

The work of the first half of 1931

PAGE 17

OVER • THE SURVEYOR • PAGE 9



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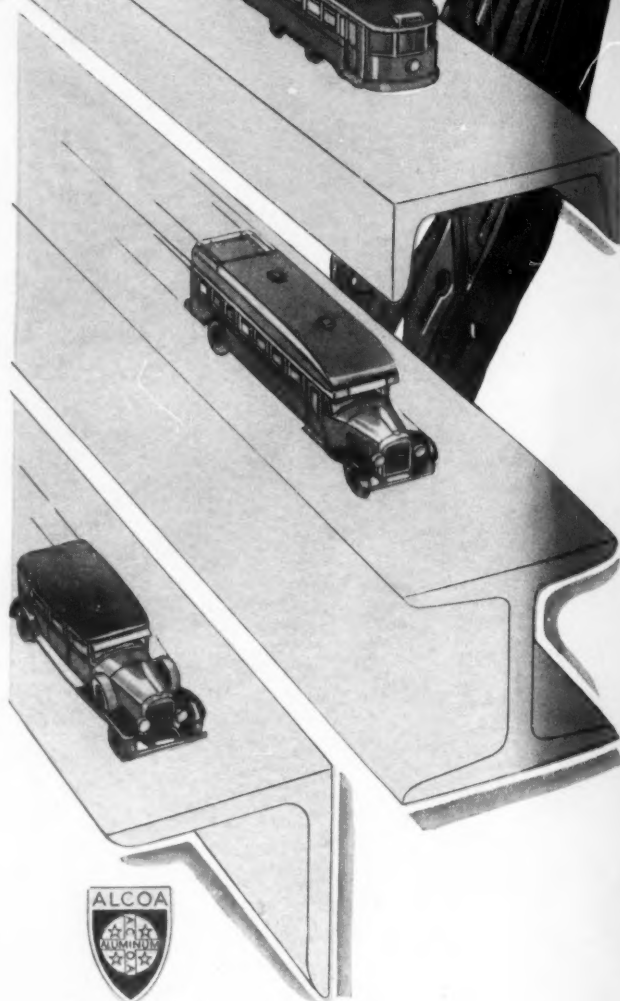
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NATION'S BUSINESS for September



VOLUME 19

NUMBER 9

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Two great business conventions on the Pacific Coast will bring you close. A third—the National Foreign Trade Council—will meet May 4 in *Honolulu*. Plan now to make this thrilling trip!

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Through the EDITOR'S SPECS

IF YOU had asked the business man of 1880 or '81 the question, "How's business?" he would have told you business was good. Gold payments had been resumed, agriculture was prosperous and commodity prices were rising. Where would this business man have found superlatives to describe the condition of business if, somehow, the manufacture of 1,560,000 automobiles could have been added to his economic structure, or the production of 423 million barrels of petroleum or 239,000 tons of rubber.

The business man of 1880 knew nothing of automobiles. Crude oil and rubber had little place in his life. And yet he thought business was good.

If you ask a business man how business was in the first half of this year he will tell you it was bad. And still the figures just quoted represent actual production of the commodities named for that period. They are only a few of many. Domestic consumption of copper for the same period was 345,000 tons; lead output was 230,000 tons; sugar consumption was 2,679,000 tons.

These figures are large. Some of them equal or approach previous record years. And still we say business in the first six months of 1931 was bad. Perhaps it was, comparatively, but the year is not yet ended. In preparation for the next six months it should be helpful to study the facts presented in "Where American Business Stood at Midyear," an article prepared by the staff of the United States Chamber of Commerce, and readjust our sights.

MANY persons credit Edward S. Jordan with being the first man to introduce color into automobile manufacturing. The story is told that the idea came to him as he stood on a Fifth Avenue corner one day and noticed that people, especially women, were more attractive in proportion as they had chosen the

WANTED—a \$10,000 Man

who can do the work of

three \$5,000 men

WHILE times are getting better, the tough fact is that business will be in process of reducing its costs for many months to come.

Every organization will be replacing men who can do only average work with men who can do better than the average.

Six-cylinder men will be replaced by eight-cylinder men. One ten-thousand-dollar man will be employed to do the work of three five-thousand-dollar men.

Business today needs executives with fresh minds and up-to-date equipment. During the next five years, the new competition will make the fortunes of a lot of such men—and incidentally toss a lot of others on the scrap pile.

We are not exaggerating the demand for trained executives. So badly are they needed that the key men of business in this country have gone to extraordinary lengths in helping the Institute to train such executives. They have actually prepared for us a whole new Course, designed to meet the new conditions.

**A new Course for men
who want to become
independent in the
next 5 years**

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Could any ambitious man fail to get something of value from contact with minds like these? The Institute puts the up-to-date methods and the priceless business experience of these men at your disposal.

The facts about the new Course and Service have been put into a booklet entitled, "What an Executive Should Know." Reading time: thirty minutes.

It is a book that should be read by every man who expects to win a secure place for himself in the next five years. It explains some of the changes which are taking place in the business world today. It tells how you can equip yourself to take your place in the new business structure with confidence and increased earning power. It contains the condensed results of 20 years' experience in helping men to forge ahead financially. We shall be glad to send you a copy of this book, which you may keep without charge.

Have you ever seriously considered enrolling with the Institute? Most men

are so busy making ends meet that they haven't time to prepare for the future. Why not take time now to investigate? The facts cost only a two-cent stamp and place you under no obligation.

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do for me, and what
will it cost?**

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What does the training consist of?

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How long does it take?

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You owe it to yourself to find out what the Institute can do for you. Simply mail the coupon below.

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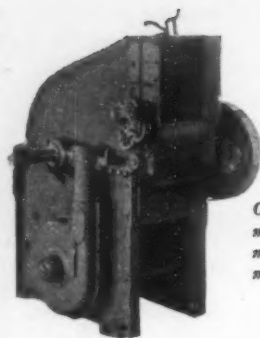
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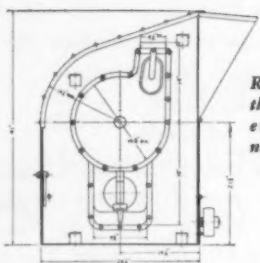
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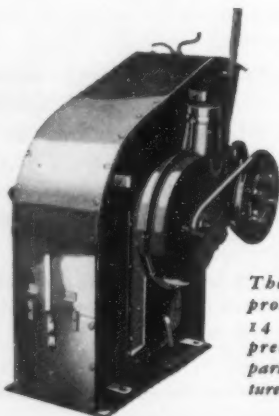
1

Old style 13" machine with many parts made of castings.



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Redesign (with the help of YPS engineers) of new lower cost 10" machine.



3

The finished product using 14 different pressed steel parts manufactured by YPS.

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proper colors for their clothing. Some had personality, others didn't but the difference lay largely in the way they were dressed.

He applied this theory to automobiles, so the story goes. Whether or not that is true, Mr. Jordan is one of the pioneers in automobile making. He entered the field in 1907 after learning salesmanship with the National Cash Register Company which he joined after working his way through the University of Wisconsin as a newspaper reporter. The students and graduates of the university, by the way, have voted him one of the school's ten most distinguished alumni.

His article, "Our Next Job Is to Learn to Sell," which appears on page 23, is the first of a series of four. We obtained them just in time, incidentally, because, immediately after they were written, the birth of a grandchild took his mind temporarily away from the fields of literary effort. He is not yet 50 years old.

ONE of the most difficult things about modern Russia for the American to understand is the conception of property and property rights. We are familiar with the type of idealist who professes to place human rights above property rights, but the Russian Government, apparently, has little regard for either.

Col. Clarence Starr, who is writing for NATION'S BUSINESS about his three years' experiences as a consulting engineer in that country, contributes this month, "The Worker's Lot in Soviet Russia," on page 36. He tells an anecdote which illustrates the viewpoint of the existing government toward private property.

A famous Russian singer was in this country on a concert tour just after the revolution. The Soviet Government told him to come back to his own country. He refused. His property in Moscow was confiscated, as was a sum of money he had left in a bank. When he again refused to return, the Government sent him a bill for taxes on the confiscated property. By return mail he sent a check on the bank from which his money had been taken.

SUBSCRIBER H. W. Roberts, of New York, writes that when he went to the Lake Placid Club for a short rest he took with him Emerson's "Essays" and several copies of NATION'S BUSINESS. A quotation from "Wealth" he thinks worthy of passing along. So do we.

"The basis of political economy is noninterference. The only safe rule is

found in the self-adjusting meter of demand and supply. Do not legislate. Meddle, and you snap the sinews with your sumptuary laws. Give no bounties, make equal laws, secure life and property, and you need not give alms."

YET another comment on government encroachment in business, given as a warning to the British Government nearly a century ago, is called to mind by Nathan Adams, president of the First National Bank in Dallas, Texas. The writer was Thomas Babington Macaulay, who, incidentally, was a lord. He said:

"Our rulers will best promote the improvement of the people by strictly confining themselves to their own legitimate duties; by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment. . . ."

IF I swing my chair half around as I sit at my desk I can look out my office window at a new apartment house rising a block away. Off and on for two weeks I have watched it grow. Where there was only empty space a day or so ago, there is today a framework of naked girders. Where there were girders yesterday I see a solid wall today. Sure-footed workers move about, each engaged in his special task.

Each of those men knows his job and how to do it. And yet, no one of them alone could build an apartment house. Nor could all of them together, if you were to summon them to a vacant lot and say to them, "you men have built many apartment houses. Build one here."

They would not know how to begin, or where, because, before an apartment house, or a bridge, or a highway can be built there must be a plan. Surveyors—like the man artist Charles De Feo has painted for our cover—must go before, sighting through instruments, driving stakes along imaginary lines. Engineers, draughtsmen, builders, must draw up plans. The whole structure must be built in imagination before a single steam shovel lumbers onto the ground.

Construction is the business of building, but, after all, it is little different from other businesses. We are all trying to build something. And to build it we need a plan, just as the constructor does. We must visualize what we are trying to build.

Too many of us, I'm afraid, try to
(Continued on page 128)



WHERE

should he cast for

PROFITABLE Orders?

THROUGHOUT New York State there are deep pools where big orders lurk. These can *profitably* be worked thoroughly. There are other areas where an occasional cast may land just as an occasional order. This, despite the fact that New York State as a whole is America's richest market.

Our new marketing manual of New York State can help you analyze this market in terms of the sales potential for your product. It may possibly show you how re-vamping your sales strategy can turn unprofitable selling into profitable selling. Free to executives.

Also the 18 New York State banks comprising the Marine Midland Group can keep you up to the minute on business happenings in which you may be interested. Given the facts about the market, as contained in our marketing manual, along with information about day-to-day business happenings, you have a decided competitive advantage.

May we discuss the advantages that an account at a Marine Midland bank holds for you and your business?

Write Marine Midland Group, Inc., 438 Marine Trust Bldg., Buffalo, N. Y. for this marketing book.



Banks of the MARINE MIDLAND Group

The 18 New York State Banks that compose the Marine Midland Group are:

NEW YORK CITY	Marine Midland Trust Company	BUFFALO	Marine Trust Company
TROY	The Manufacturers National Bank of Troy	BATAVIA	Bank of Batavia
BINGHAMTON	Peoples Trust Company	EAST AURORA	Bank of East Aurora
JOHNSON CITY	Workers Trust Company	JAMESTOWN	Union Trust Company
CORTLAND	Cortland Trust Company	LACKAWANNA	Lackawanna National Bank
ROCHESTER	Union Trust Company	SNYDER	Bank of Snyder
ALBION	Orleans County Trust Company	TONAWANDA	First Trust Company
OSWEGO	First and Second National Bank and Trust Co.	NORTH TONAWANDA	State Trust Company
LOCKPORT	Niagara County National Bank & Trust Co.	NIAGARA FALLS	Power City Trust Company

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When big contracts are terminated

... what recourse?

HUNDREDS of the smaller manufacturers of the country depend for a large share of their business upon contracts closed with larger organizations. • Profitable and highly desirable as this business may often be, its advantages last only while the contracts last. Circumstances hard to control frequently result in the transfer of such business to competitors. Unless the business can be replaced from other sources, it may mean a complete or partial shut-down and a consequent loss of profits. • As a result, many of the moderate-sized and smaller manufacturers have not been content to stake their progress and prosperity too largely upon the uncertainties of contract business. They have come to regard contracts not merely as a source of immediate profits, but also as a means of building a broader foundation under their businesses. They have, in other words, used profits from this source both to diversify their products, and to build up liquid reserves which would stand them in stead for the development of new products and new markets. • Such reserves should be sufficiently liquid for all reasonable requirements, and should at the same time pay the highest return consistent with safety and necessary liquidity. There has been, during the past year or two, a marked increase in the demand for good bonds for reserve purposes, and it has been the privilege of Halsey, Stuart & Co. to assist many business organizations in this type of investment. We shall be glad to consult with others interested along the same lines. • Our booklet, *Business Reserves*, will gladly be mailed to any business executive requesting it on his firm letterhead.

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B O N D S T O F I T T H E I N V E S T O R



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Are You Playing for a Draw?

THE truth is that if a good many of us were to be judged by our present state of mind, business would seem not worth fighting for.

We talk about the enjoyment of the American standard of living as if it were an automatic blessing to be turned on at pleasure. We dilate on the permanence of our markets as though those markets were any more enduring than the wills of the men who saw them and set out to capture them. We glibly parrot the phrase "competition is the life of trade" as though sheer repetition of that mental image could relax the continuous pressure on commercial existence we know as "survival of the fittest."

Things don't just happen in business. Back of every brilliant stroke is an alert intelligence that is playing the game to win. "Fight for *alma mater*" did well enough as a slogan for the sporting spectacles of our college years. But the man who said he'd die for "dear old Gowanus" seems to have few counterparts in the business arena.

The idea of stretching our faculties to match the changing hazards of the game is brought to a decisive test in the day-to-day collisions of commercial strategy.

From the history of bankruptcies and insolvencies in the United States it is possible to suggest that the business man who is content with a "draw" will eventually find himself among the camp followers.

Capablanca, former world's champion at chess, puts it this way:

The first rank player, the acknowledged master, must not play for a draw. He must play for a win, and it is in attempting to turn a draw into a win that the supremely good player occasionally suffers defeat from the player who is only very good. Playing for a draw is unworthy of a master, and no one ever became a master except by playing for a win.

In a time when it is a fashion to say more

about difficulties than about opportunities there is something of a tonic force in the discovery that some business men have played to win—and that they are winning.

The first six months of the year show that in the first quarter, industrial production was 30 per cent below the corresponding period of 1930, and so were industrial sales.

By the end of the second quarter, industrial production was only 15 per cent under the second quarter totals of 1930, and sales were just 18 per cent short.

And our industrial activity reflecting pig iron production, building contracts, bank clearings, bituminous coal and electric power output—declined only 6.8 per cent from March, 1931, to June, 1931—2.8 per cent inside the average seasonal drop from the period 1925 to 1930, inclusive. So says R. C. Dun & Company.

Remote as the figures may seem from the human equation, they are eloquent reminders that problems are being licked, that clear heads are on the job, that there are men who are facing and conquering formidable adversities.

These are the minds and hearts that are advancing the nation toward a new prosperity. Men so possessed will assuredly come to power and superiority. They belong to the "aristocracy of victory."

They are members of that select company who "attack when others hesitate, who believe when others doubt, who dare when others are accumulating excuses for timidity."

Cecil Rhodes knew the zest of struggle. "If there were no difficulties," he said, "what would be the use of you and me?"

1931 is still business history in the writing. Your own chapter will be what you make it.

Merce Thompson

Whether Steel • Oil • Aircraft or Soap

THE WALL STREET JOURNAL

Tells it First

- ★ Hundreds of men are working the clock around to uncover factual developments which must go on the Dow Jones ticker
- It is nine o'clock in New York—two in the afternoon in London—while in San Francisco it is six in the morning with the sun just peeping over the Sierras
 - Already the Dow Jones news tape has been running an hour in New York—In London correspondents are preparing the cable for closing prices—and factors which influenced European markets—in San Francisco a corps of men have reported for work
 - So first to receive fresh factual news from all the world The Wall Street Journal serves business and the financial world from coast to coast
 - From the merest dividend flash through the whole gamut of activities up to the editorial opinion The Wall Street Journal endeavors not only to serve Wall Street but to serve society as a whole.

★ From a written description of "How the Street Gets Its News First" By KENNETH C. HOGATE, Vice President and General Manager of The Wall Street Journal • A copy of this story sent to executives upon request ★

THE WALL STREET JOURNAL

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NATION'S BUSINESS

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MERLE THORPE, Editor

SEPTEMBER, 1931

VOL. XIX No. 9

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

The Question of Wages



UPPERMOST in business discussion in July was wages. Action by U. S. Steel on dividends was preceded by rumors of pending wage cuts. The dividend on the common stock was cut from a \$7 rate to a \$4 rate and notice was given of "an adjustment of salaries of all officers and other salaried employees be made in varying degrees."

In brief the wages of capital were cut, the wages of management were to be cut and the wages of labor were left as they were at least for the present.

Any discussion of wages at present is bound to be clouded by politics. Witness the furor over Secretary Lamont's letter. A representative in Congress called upon the President "to prevent further wage cuts." The President referred the letter to the Secretary of Commerce who reiterated the President's position on wages, but suggested that there might arise with some employers a necessity either of shutting down altogether or of making temporary wage cuts. In any event the Government couldn't interfere.

Whereupon there were cries that the Administration was for wage reductions, had changed its position. All of which the facts haven't borne out.

This country and the business men of this country are committed to the belief that the highest possible wages and the highest possible buying power are necessary accompaniments of general prosperity.

Forewarned, Forearmed



tion have recognized that the time to attack the situation is now.

This is written August 8. On August 6, President

Strawn and Chairman Barnes of the National Chamber met with President Hoover to discuss the work that organized business is doing and will do to help the unemployed.

On August 7, President Hoover said:

"The problem, whatever it may be, will be met."

In 121 days from this writing Congress will meet. If by that time, business and the administration show that they have the situation in hand, we shall hear less talk of federal funds for promiscuous relief.

Let Charity Stay At Home



OUR thanks to Judge John Barton Payne, chairman of the American Red Cross, for making plain that relief work is, and should be, a local, a community, task. His statement followed a talk with President Hoover and comes at a time when there are constant and persistent efforts to nationalize such work and to turn it over to the Federal Government.

Said Judge Payne:

"There is no possible reason why the Federal Government should be called upon. This country can deal with the unemployment situation without any difficulty if it is kept where it belongs—at home."

This point of view is generally accepted as being that also of the Administration and it will find general support among business men. The phrase "charity begins at home" has covered much selfishness but the proposal that charity should stay at home is sound.

Whether funds for family relief should be raised and administered by private or public agencies is a matter of debate. Practices vary widely from the case of Detroit where nearly all of the expenditures in 1930—and they were more than \$8,000,000—were raised by taxation and spent by public officials to that of San Francisco where the entire amount, \$580,000, was raised privately.

One argument against nationalizing relief work this winter may be found in those figures. Detroit spent \$5

per capita, San Francisco spent a little over a dollar. The needs of one may have been much greater than the other, but if the Federal Government should raise and administer relief is any city going to be content with less than all it can get?

New England Is Heard From



Congress to enact legislation for unemployment relief.

The Milwaukee mayor is not meeting a unanimous chorus of approval. He has been told at least twice by New England mayors that they didn't care for federal aid or interference in their problems.

Mayor Tully of New Haven told the Mayor of Milwaukee that New Haven would care for its own unemployed and that other cities would do well to follow its example.

Mayor Batterson of Hartford wrote:

The city of Hartford doesn't want the Federal Government to help it in any way, shape or manner, save in making such accommodations as are necessary for housing Federal employees. Otherwise, we're going to pay our own way. We say this, knowing that this is going to be far less expensive for us to deal with our own people than to have the Government who does not know them, deal with them.

New England, the home of the town meeting, apparently intends to keep on minding its own business.

There's Still Money Left



THERE'S still money in this country. Two figures that emphasize that idea came as books were balanced for the first half year.

In the six months ended June 30, 1931, there was sold \$5,838,627,000 of new life insurance in the United States. That was a drop from the first half of 1930 when the figure was \$6,657,203,000, but the first half of 1930 was larger than 1929's first six months. And whatever the comparisons are the figures still are tremendous.

The mutual savings banks have also figured out their record for the first six months of this year. Their 13 million depositors had \$9,976,967,981 in these banks on July 1, a gain of \$882,686,088 in a year. The average account was \$753.56 while a year ago it was \$745.21.

But most interesting of all these figures is that the depositors increased in a year by 966,826.

Paying The Bill for Doles



THE least pleasant part of dining out is the appearance of the waiter with the bill. Ordering the dinner and eating it are agreeable tasks.

The same thing is true about relief work. It is pleasant to aid others, to increase the sum of human happiness and comfort but it is hard to pay.

Australia has been held up to other nations as a

model in the way it has cared for its aged—but, here is an extract from an address of A. E. Heath before the Constitutional Association in Sydney recently:

"The distribution of government largesse is reflected in the following figures: In 1923 old-age pensions absorbed 8½ per cent of the revenue of the Commonwealth Government, and 42 per cent of the income tax; in 1931 it is expected that old-age pensions will absorb 16 per cent of the total revenue, and 105 per cent of the total income tax."

No wonder the speaker described "the Australian financial balloon" as "very near to bursting."

And the British government committee on national expenditures has reported that the unemployment insurance payments must be reduced by 20 per cent and the weekly contribution by workers raised if Great Britain is to keep on anything like an even financial keel.

A Lesson from Adversity



AT a meeting of the Pacific Northwest Advisory Board of the American Railway Association the other day O. M. Plummer, whose business is live stock, said:

I heard a man the other day say that he had received \$87,000 for his lamb crop in 1929 and in 1930 he got for the same lamb crop \$47,000. He said he found out how to cut his operating cost from \$13 a head down to about \$10 and he said, "I think I am going to be able to cut it still another dollar per head," and "if I ever get back like the old days when I am making \$87,000, I will have saved so much on my knowledge acquired during bad times that the bad times will have been a very helpful thing to me."

That is the lesson of bad times. It is then one learns that there are ways of saving money, ways of lessening expenses that one never sees or seeks in good times.

"Stopping the rat holes down which profits pour," was a banker's phrasing.

Shakespeare's was:

"Sweet are the uses of adversity,
Which like the toad, ugly and venomous,
Wears yet a precious jewel in his head."

The Economies of a Grandfather



BYRON S. ADAMS is a printer—and a good printer—in Washington. He is also a grandfather and it is as a grandfather that he addresses this magazine.

My daughter has three boys, aged 7½, 6 and 4. They are real boys and consequently care of their clothes is not one of their troubles.

When the season opens she buys about a dozen suits for each, as they use two each day.

Then after being laundered the suits are looked over for repair, and for replacing the buttons missing.

In a dozen suits, different styles and colors, there are likely eight or ten variety of buttons and of different sizes. Many of these buttons cannot be matched in our stores. Result: She has to take off all the original ones and replace them with those she can obtain.

Spending a week end at her summer home, she had a box containing hundreds of buttons—some bought at the several department stores, and even at the ten cent stores. Yet she could not match those lost.

I write in the interest of thousands of housewives over the country.

I know of your interest and help in behalf of cooperation be-

tween industries, and impose upon your time to express myself upon this subject.

Mr. Adams presents a just indictment against American business. Not as a grandfather but as a shirt wearer we join. Too often have we seen the editor's wife search vainly through hundreds (dozens anyway) of pearl buttons to find one that matched the survivor on the other sleeve.

Not a Time for Discouragement



IT IS well to remind ourselves once in a while that the depression through which we are now struggling and from which we hope we shall soon emerge, is not the first nor by any means the greatest depression through which this country has gone and from which it has come only to times of greater heights of prosperity.

J. S. Crutchfield, President of the American Fruit Growers, Inc., and one of the Directors of the United States Chamber of Commerce, talking the other day to the local Chamber at Orlando, Florida, had this to say:

"I have seen Florida in a whole lot worse shape than it is today. We began business in Pittsburgh January 1st, 1896. At that time, and for months thereafter, we sold strictly #1 New York Baldwin apples at 75c a barrel delivered Pittsburgh and potatoes at 25c a bushel. Other produce and merchandise were selling about on a parity with these prices. Steel mills at Pittsburgh were then, as now, operating at a minimum capacity but they had no such surplus to fall back on as do now the U. S. Steel, Jones & Laughlin and other principal steel manufacturers.

"I venture the opinion that when we look back to the present time a few years hence, we will see that the great industrial and business machinery of the nation has merely paused to make necessary major readjustments, get its balance, and then proceed with a healthy balanced prosperity based on sound economic and common sense."

Friend or Enemy?



ARTHUR LITTLE'S *Industrial Bulletin* tells us that the liquefied petroleum gases, propane and butane, which come as a by-product in making material gasoline from natural gas are the basis of growing young industries. Sales of these gases liquefied grew from half a million gallons in 1926 to 18 millions in 1930.

Are they a competitor or an ally of the manufactured gas industry? Both. One gas company uses them to extend some form of gas service to areas which mains have not yet reached. Another fights the gases as a dangerous competitor by bettering, extending, or cheapening its service.

To those who talk as if the markets of the country were about used up, as if the

needs of 120 million persons could be at a stand still, we commend this statement:

There are still 13 million families in the United States to which manufactured gas is unavailable.

What Kind of Selling is Wrong



PRESIDENT HOOVER early in July appealed to those who were selling grain short to cease this presumably iniquitous practice. Mr. Hoover drew the line between hedging for ordinary business purposes and short selling for the purpose of profit.

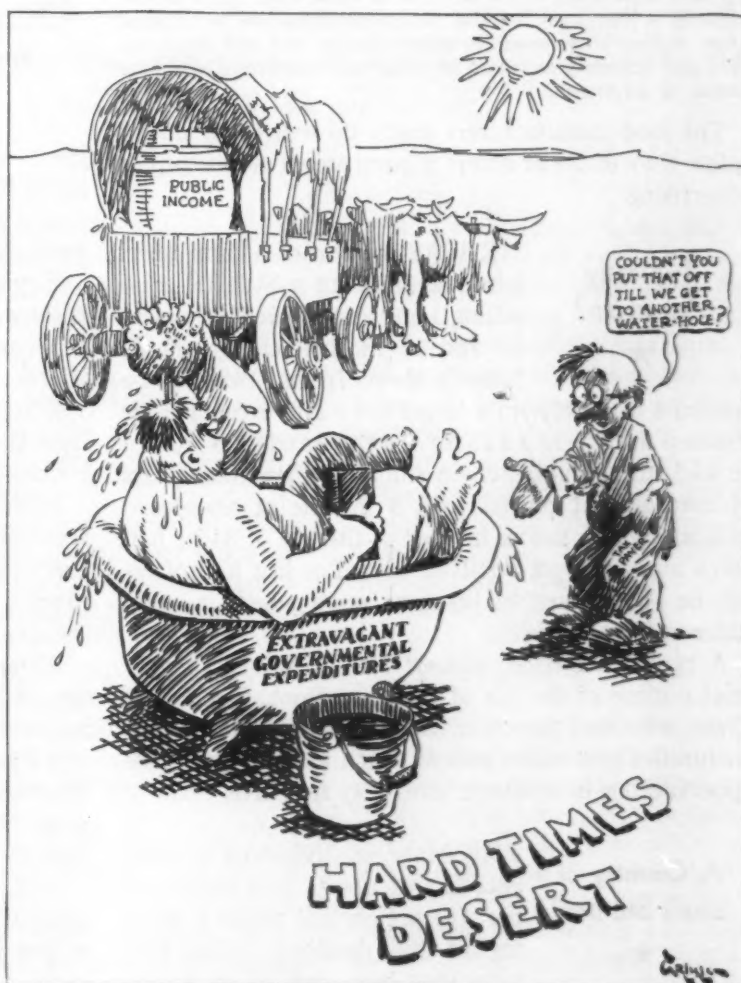
In his Indianapolis speech of June 15, Mr. Hoover had said of those who sought "profit from depreciation of securities and commodities":

"Both groups are within the law; they are equally condemned by our public and business opinions; they are by no means helpful to the nation."

That was on July 10. On that date July wheat sold in Chicago at .52 $\frac{7}{8}$. On July 31 wheat sold in Chicago at .48, a low record.

A Chicago dispatch to the *New York Times* dated July 31 described the wheat market as "with virtually no short interest."

On the day when the President urged that short selling for profit be halted July corn sold in Chicago at .58. On July 31 it sold at 72 $\frac{1}{2}$ and there was lively talk of



Courtesy New York Tribune

Not a time to waste water

"squeezes" and "corners" and profits in the millions. Is the buying on the long side for a profit better or worse than selling on the short side for a profit?

'Ware Friendly Uncle Sam



THE Federal Trade Commission exercises a certain censorship of advertising but the Federal Courts keep in check that power. The Ostermoor mattress case is a case in point. There the Commission sought to make the manufacturer change its advertising because the Commission said no felt would expand when cut open as much as the one shown in a picture.

The Court said in effect that that was not expected to be literally true.

Now there are moves from another direction for a censorship. Dr. P. B. Dunbar, assistant chief of the Food and Drug Administration of the Department of Agriculture said to the Retail Grocers Association the other day:

The Federal law, as well as most State laws, applies only to products themselves and to their immediate labelings. Separate advertising matter is not within the control of the food and drugs act. Within the past few years there has been more than one proposal, and again these did not originate in the Department of Agriculture, to extend and amend the Federal law so as to cover false advertising. It is difficult to anticipate what progress will be made in this direction in a legislative way. It is gratifying to know, however, that Better Business Bureaus, and the food and drug industries themselves in many instances are taking steps to control their advertising in the direction of moderation in the claims made. It is significant too that several organizations of national scope, dealing in commodities subject to the food and drugs act, have gone definitely on record as urging and supporting legislative control of advertising.

The food manufacturers might do well to go slowly before they invite or accept a government censorship of advertising.

Typically American?



HE WAS the son of a farm hand who had built up a little business selling remedies. He left school at 10 and at 13 took charge of his father's shop. In his twenties he opened a drug store in a larger town and expanded his business until he had a chain of a thousand stores. Then he sold out to another chain and after a few more years of management retired with a fortune of about ten million dollars. Before he died at the age of 81 he had given away at least a half of that. The last half of his life he spent most of his time on a couch, a great sufferer from arthritis.

A typical American career! Not at all. It's a very brief outline of the life of Sir Jesse Boot, first Baron Trent, who died the other day in England. It isn't opportunities that make men so much as men that make opportunities in whatever land they may live.

A Country of Small Business



THE National Industrial Conference Board upsets in a recent report the notion that this is a country of "big business." Our eyes have long been dazzled by gazing at General Electric, American Telephone & Telegraph,

THE Federal Trade Commission exercises a certain censorship of advertising but the Federal Courts keep in check that power. The Ostermoor mattress case is a case

NATION'S BUSINESS for September, 1931

du Pont, United States Steel, General Motors and their hundreds of millions in assets and their tens of thousands of stockholders and employees.

We blink a little then when we are told that only 1.4 per cent of the country's manufacturers employ 500 men each and that only 3.4 per cent have over 250. Not a fourth of our workers are with the companies with 1000 or more employees, while 61.9 per cent are in plants where less than 500 are working.

How do the smaller ones survive? Can they compete with the giants? Many of them can and do. Bigness doesn't necessarily mean efficiency. The stimulation to success may be greater where management and ownership are the same and salaries and dividends go into the same pockets.

Moreover the smaller plant is frequently more willing to try new things than its bigger competitor and in this way "gets the jump" on its rival.

A sales manager for one of the new synthetic resins said to this writer recently:

"Very often we find the smaller manufacturer more adventurous, more willing to try a new thing than the big fellows.

"He has perhaps less to lose and more to gain. Sometimes he manages to be in the market a year ahead of others and that means all the difference between success and failure."

Price Control and Prices



IT IS an unhappy paradox that the world should be depressed by the prospect of having too much. Cotton furnished a striking instance in early August. A government forecast predicted a crop of 15,584,000 bales; about ten per cent more than private estimates. The result, a drop in cotton prices to a point not reached in more than a quarter of a century.

Egypt suffered in sympathy and Liverpool and Manchester were excited and unhappy.

Meanwhile the Cotton Stabilization Corporation, which holds the Farm Board's cotton has about 1,300,000 bales on hand bought at prices much higher than those reached on the open market after the government's figures came out.

Efforts to sell the Farm Board cotton to Germany seem at this writing little more than a gesture, and every proposal to that end is met by protest from some quarter of the cotton area which is eager to dispose of the current crop.

Almost concurrent with the government's cotton figures came a wheat estimate of 893,582,000 bushels, an increase of 3½ per cent over the yield of 1930, and of 8.7 per cent over the five-year period of 1925 to 1929. The new figures for the wheat crop did not further depress that already depressed market where the Farm Board's holdings also complicate the problem.

And, as cotton reached the lowest figures recorded since 1905, rubber sold for the first time in its history at five cents a pound and copper was quoted at 7½ cents a pound. Both rubber and copper have gone through efforts at price control by artificial means.

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Where American Business Stood at Mid-year

★ IF GOOD business is the rule, then bad business is news because it is the unusual and the unexpected that makes news. If the majority have enough to eat and shoes to wear, attention focuses on those who are hungry and barefoot. Apparently that is part of our trouble today. Another part of our trouble is the fact that all measurements are comparative. Because business is not as good as it has been, we say business is bad. Since we agree that business is bad, it is logical to attempt to find out how bad. That was the purpose of the research which resulted in this article. It indicates that, in these "bad times," we have actually been doing more business than many folk understood

THE working side of the nation in a period of depression appears from indications which we can now obtain about the quantities of materials, goods, and services received, produced, and used by the people of the United States in the first six months of 1931.

An examination of these quantities at once suggests that the point of view makes a great difference. By way of example, pig iron may be taken. In 1890 its production after a steep upward climb of 20 years in the midst of our most spectacular industrial developments reached a high point, at something like nine million tons. If production had since been maintained only at the rate of that high point of its era, and had been expanded merely with the growth of population—a great accomplishment and a sure sign of prosperity from the point of view of 1890—the output in the 12 months of 1931 would be 17 million tons. Our production during the first six months of 1931 was actually 11 million tons. In the 12 months of 1921 production was 16,700,000 tons.

Using more copper per capita

WHEN 1911 closed, our producers of copper looked back upon it as their most prosperous year, with the domestic market taking 374,000 tons. In the first half of 1931 some 345,000 tons went into domestic consumption. For the entire year of 1921 the figure was 305,000 tons. The figure for the whole of 1931 apparently cannot be much less than 700,000 tons.

Such a quantity entering into use in the United States in this year will mean about $11\frac{1}{3}$ pounds for every man, woman, and child in the country; in 1911 the per capita figure was $8\frac{1}{2}$ pounds. If we had merely kept to that

great performance of 1911, the total amount of copper we use this year would be about 500,000 tons.

The year of 1911 was a good year in the production of zinc, too—in fact, the record year at that time—with a total output of 286,000 tons. In the first six months of 1931 our production was 178,000 tons. For all of 1921 output was 200,000 tons.

Lead is popularly regarded as a prosaic metal; practically, it has more places in our daily life than most of us are aware. In 1911 our production was 392,000 tons—a record. In January-June, 1931, output was 230,000 tons.

To our supplies of the old non-ferrous metals we must add, in any attempt to compare our current situation, the quantities of metals greatly developed in recent years.

Aluminum represents the largest quantities. In 1911 our total production was 28,600,000 pounds—or less than one-third pound per capita. In 1931, according to every indication obtainable in the absence as yet of precise figures, the amount appears at least four times as large.

All of the materials at our disposal, however, do not come from sources within our own borders. For example, there is sugar. According to sugar trade reports, we used 2,679,000 tons during the first six months of 1931, an average of 46 pounds for every one of us and for the strangers within our gates. A large part of that sugar appeared in our foreign trade as imports from Cuba, but the portion contributed by our own sugar beet fields was 478,000 tons, or somewhat more than in the first half of 1930.

More coffee is used

COFFEE has long been a notable import. During the first six months of 1931 we imported coffee at a heavier rate than in any earlier year; we have brought in enough in those six months to provide something like 35 pounds for every family in the country. In the whole year of 1921 our imports were only enough for 57 pounds per family.

We are keeping up our tea imports, too, and brought in something like 15 per cent more cocoa than in the first

six months of 1930 and more than in any twelve-month period before 1917. Along with our sugar, coffee, tea and cocoa, we have been getting our customary supply of bananas—in the six months at least the equivalent of a bunch for every family.

Raw silk is a material for a great American industry and we import all of it. In 1929 our imports of this great commodity reached their record height; in the first six months of 1931 they were nearly as large as in the first half of 1929, and were about 20 per cent more than in the corresponding part of 1930. In the first six months of 1931 our raw silk imports were greater than in the whole year of 1920, when they were 30 million pounds.

Rubber makes a good showing

FOR rubber, too, we depend wholly upon imports and are the world's greatest customer. In 1911 we could get along handsomely a whole year on 41,000 tons, and then as now we took half or better of the world production. In the first half of 1931 we imported 268,000 tons, or more than in any whole year before 1920.

In June our imports ran higher than even in June of our record year, 1929, when our total imports had increased more than 25 per cent in one year, to a pinnacle of 631,000 tons for the 12 months. In January-December, 1921, our imports were 207,000 tons.

Newsprint paper is a raw material for our daily press. Imports reached their greatest point in our history in 1929,

at 2,420,000 tons; in the first half of 1931 they were running within eight per cent of the rate in the first half of 1929; that means a rate higher than in any year before 1929.

As a raw material for our own paper mills, wood pulp imports were 643,000 tons during the first six months of 1931, this figure being about the same as in 1927.

Using more tin

AS THE world's largest users of tin, and with none among our own resources, we look to our imports. In 1911 we received 94 million pounds, or about a pound for each of our inhabitants. In the first half of 1931 our imports were almost as great as in the whole of 1911, and were 54 per cent greater than the imports in the 12 months of 1921.

Similar comparisons appear in other fields. There are the sources of power, heat, and light. In 1911 the production of coal, bituminous and anthracite, was 496 million tons. That was 5.5 tons per capita, a figure which had grown rapidly with the development of our industries and our transportation facilities. If we were to have the same per capita production in 1931, the output for the year would reach 676 million tons, of which approximately 324 million tons would normally fall in the first half of the year. The output of the mines in first half of this year was actually 224 million tons.

But coal no longer occupies the place it formerly held in our power and fuel situation. Since 1911 other sources of

power and other fuels have been developed. These serve as partial substitutes for coal.

In 1912 the output of electric power was 14 billion kilowatt hours. In the first six months of 1931 it was 45 billion. The year of 1911 turned out a record, to that date, in our production of petroleum, at 220 million barrels; in the first half of 1931 the figure was 423 million barrels, with the industry overwhelmed in a flood of this valuable resource.

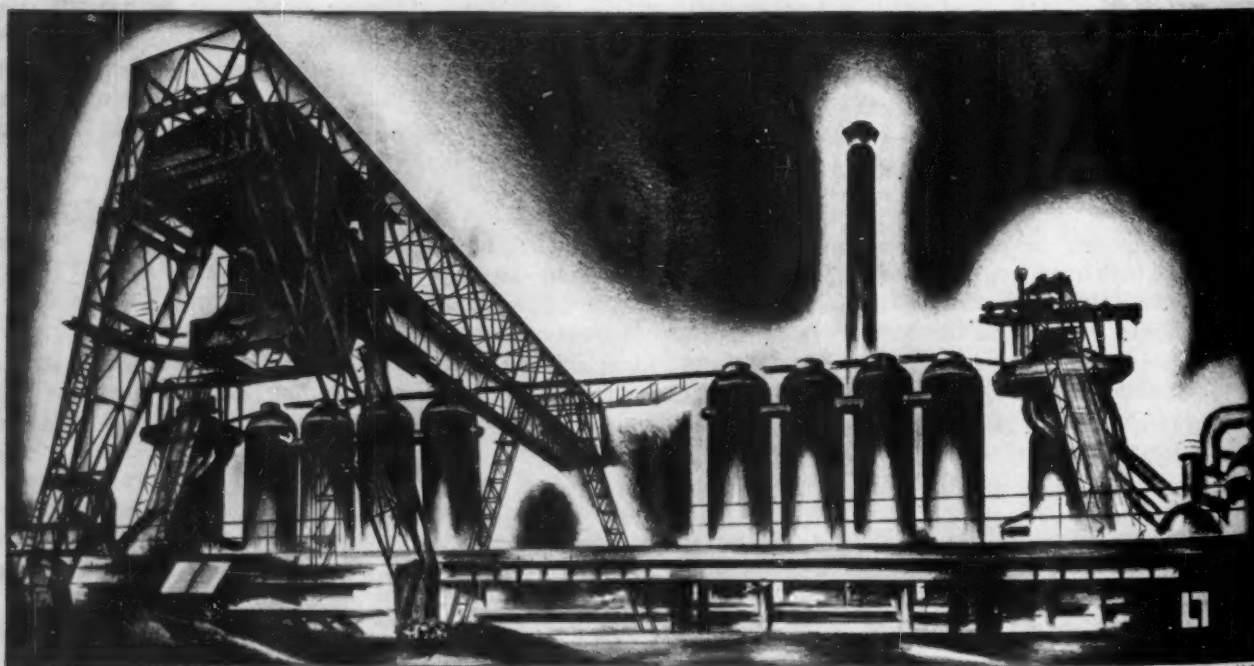
And to the petroleum is now added the great volume of natural gas transmitted through 65,000 miles of pipe, with some long pipe lines constructed in recent years from interior fields to distant parts of the country.

In 1921 the consumption of natural gas was less than 700 billion cubic feet. For the first half of 1931 exact figures are still lacking, but the rate was apparently at least three times as large.

Might have meant prosperity

THE figures for the first half of 1931 on their face suggest the great extent of our utilization of our resources and of our sources of fuel and power even in a period of business depression with all the handicaps and problems such a period inevitably presents. Operations in the first half of this year were evidently on a scale which at a time within the experience of most of us would have meant prosperity.

With raw materials and power and fuels go the domestic food supply, when the economic situation of a country is



under examination. In the first half of 1931 our flour mills turned at least 216 million bushels of wheat into 48 million barrels of flour, with a lot of animal feed as by-products.

During the same months our dairy farmers and our creameries were outdoing themselves with 844 million pounds of butter to their credit for the period—a bigger output than they ever managed before, and equal to the creamery production for the whole twelve months of 1920; the figures mean that in the first half of 1931 there was, on the average, one and a quarter pounds of creamery butter a week for every family, whereas in 1920 there was only three-quarters of a pound for each family.

We eat just as much

THE supply of meats has been maintained, too. In the first six months of 1931 some 38 million cattle, calves, sheep, and hogs went into the packing houses for conversion into meat and meat products.

In the 12 months of 1921 the total was 62 million.

A great part of our materials, produced at home or imported, go into our manufactures. Twenty-three per cent of our people who work get their living in our manufacturing establishments.

In the first six months of 1931 our cotton mills used 2,807,000 bales of cotton, and made 1,396,000,000 yards of cloth, or an average of 50 yards for every family in the country; our woolen mills put into work 262 million pounds of wool, or 18 per cent more than in the corresponding period of 1930, and our silk mills took delivery of 293,000 bales of silk, or nine per cent more than in the first half of 1930 and within three per cent of the amount in the first six months of 1929, their all-time record year for quantity.

In the first half of 1921 the figure was 154,000 bales.

Fast-growing industry

OF COURSE, in thinking about textiles, we must consider rayon. In the six months of 1931 our domestic production was about 56 million pounds, and our imports carried the total supply to more than 58 million pounds. In the whole year of 1921 our domestic production was but 15 million pounds, with imports taking the total supply up to 19 million pounds.

The steel industry in all of its ramifications, including the industries making

iron and steel, ranks high. In the first six months of 1931 a total of 15 million tons of steel ingots was produced, 50 per cent more than in the first half of 1921. Shipments of fabricated structural steel were 958,000 tons in the first six months of 1931; in the corresponding months of 1921, sales were 318,000 tons.

More steel sheets made

NORMALLY, about 15 per cent of the country's steel now goes into automobiles; in the first half of 1931 the automobile companies turned out 1,560,000 new cars and trucks; while in the corresponding part of 1921 the number was 742,000.

Much of the steel going into automobiles is in the form of sheets; in the first half of 1931 the production of steel sheets for all purposes was 1,147,000 tons; during the whole of 1921 it was 1,004,000 tons.

The tire companies in January-June, 1931, made about 22 million casings and almost as many inner tubes; in the whole of 1921 their product was almost exactly the same in numbers as in the current half year.

We still wear shoes and hose

THE shoe factories turned out in six months of 1931 a total of 161 million pairs of boots and shoes, or about three million pairs more than in the first six months of 1930. Meanwhile, the hosiery manufacturers were producing approximately 37,500,000 dozen pairs, in all their colors, materials, and sizes—or an average of $3\frac{1}{3}$ pairs for each of us if we disregard colors, sizes, and the like.

In the same months mills making something over 60 per cent of all knitted underwear reported a production of more than 70,000,000 garments—or more than for the entire year of 1921.

Tobacco manufacturing with a product valued at more than a billion dollars a year is not to be ignored among our industries.

The number of cigarettes turned out in the first half of 1931, 59 billion, equaled or exceeded the figure for any preceding half year, and was more than 100 per cent greater than in January-June, 1921.

In the same part of this year, the cigar makers recorded an output of 2,677,000,000.

Lumber manufacturing appears in part among our manufacturing industries and in part outside, as in construction. In the first six months of 1931

total shipments of lumber, by rail and water, were placed at 9,600,000,000 board feet, and it is estimated that five billion feet have gone for construction, 1,700,000,000 into boxes and crates, more than three billion into various fabricated forms, and one billion to the railroads.

All kinds of construction, for which lumber and its products are only part of the materials, have been figured by the F. W. Dodge Company at 204 million square feet in contracts let during the first half of 1931 in 37 states. For the whole year of 1921 the corresponding figure was somewhat more than 440 million.

Cement has moderate gain

PART of the production of cement goes into these structures; in the first half of 1931 the total production of cement was 60 million barrels; in the first half of 1921 it was 42 million.

In the manufacturing industries to which the figures of quantity relate in one degree or another are employed three-fourths of all the wage earners finding their occupations in manufacturing.

Such quantities as have been mentioned suggest a large volume of transportation.

In the first half of 1931 the railroads performed a freight service estimated at 174 billion ton-miles. If the Bureau of Railway Economics is correct in its estimate that 16.3 per cent of our freight movement in ton-miles in 1929 was carried by water, 4.9 per cent by pipe lines, and 2.5 per cent by motor trucks in interurban service, and if these proportions hold for 1931, the total freight movement of the country in the first half of 1931 can be placed at nearly 230 billion ton-miles.

In 1921, when a larger part of the entire freight service was performed by the railroads, the Interstate Commerce Commission reported the ton-miles of railroad service for the year at 344 billion.

Our troubles are in prices

THESE figures for quantities suggest the wealth of the people of the United States in 1931 in its real terms—the materials, goods, and services being used by the nation, and bring out sharply the fact that our present numerous troubles, individual and collective, as most of us have been well aware, are only in the dollars and cents, in prices, in costs, and the balance sheets that go with them.

How to Give Your Town

By J. S. Blue

New Industries Section, Commercial Department, American Gas and Electric Company

ILLUSTRATIONS BY DON MILLAR



A riverside park has replaced the junk heaps and the ash chutes. The town is proud of it

THE small town which wants more industries must dress up. The market value of wholesome beauty is rising. Little by little—but more slowly than you would believe possible—this thought is penetrating the small town consciousness. Yet many business men will look at the town in which they live, day after day, year after year, and fail to see that it is uglier than two o'clock in the morning after a welsh rabbit. Not long ago the members of the Chamber of Commerce and the Kiwanis Club and the Rotarians of one small mid-west town asked me:

"What is the matter with our town?"

I said:

"Tin Cans."

Our job, in the New Industries Section of the American Gas and Electric Company, is to fit industries to towns, and towns to industries. We serve with power 1,300 communities in nine states. It is obvious that the more factories we locate in the 1,300 communities the more power we sell.

We cannot afford to make a mistake. Neither can the towns or the factories. You can look out of any Pullman car window almost any day and see monuments to misfits along the right of way. Their windows are broken and their stacks are dead.

Most of them were built on sincere effort and honest hope. If they had been shifted an inch north or two inches south on the map they might be housing flourishing industries. It is

my job and the job of others like me to see that no such mistakes are made nowadays. Competition for new industries is keen between towns, especially during such months as we have just passed through. They bid high for a factory that promises to become a municipal asset.

We try hard to keep towns from getting the wrong factories.

Factories in the wrong place

THOUSANDS of towns have factories that should be moved. They were built where they now are for a variety of reasons, but intelligent planning was not always one of them. Conditions have changed since they were originally located. Perhaps the raw material is too far away now; taxes are too high; labor costs too much or is shifting and antagonistic; transportation charges may favor a rival.

The American industrialist has learned his lesson. If he finds that he can do better in some other town he is ready to move. When he shops around for a new town he tries to drive the best bargain possible. He should be looking for a permanent home and not for something for nothing.

Now I will return to the dinner table at which the cooperating business men of that mid-west town sat waiting for me to tell them what was wrong. They had asked me to make a careful survey and tell them why agents for factories passed them by. When I had written that report I was afraid to read it. I looked up the chairman and told him the truth:

Factory Appeal



The view from the bridge was like the view from too many bridges in too many small towns

"Better put this up to a select committee," I said. "Then they can suppress it if they want to. This is pretty tough—"

That chairman had a cold eye. He put it on me:

"We want to know what is the matter with our town," he said. "Tell us."

Never had I seen so many tin cans in one town. They were piled on the vacant lots and thrown in the alleys. A little river ran through the town. Almost always in such a town the main artery of traffic crosses the river. The view from the bridge should be one that would tempt visitors to enjoy it. The view from this bridge was the view that may be seen from too many bridges crossing too many little rivers in too many American towns. The banks were broken down and muddy. They had been used as ash chutes. Parts of smashed automobiles and sewing machines and coils of rusty wire appeared above the oil-splotted water. There was a perceptible stench.

"A good many factory agents have visited your town in the past year," I told the associated business men. "Each of them was intelligently trying to find the right town in which to place his factory."

The town needs aesthetic appeal

"THE secretary of your Chamber of Commerce bent his back trying to win them. You were all friendly. Statistics were quoted that should have been convincing. I know they were accurate because I have checked them. You fed them on fried chicken and apple pie *à la mode* and your speakers got red in the face over the potential riches of the prairies.

"The factory agents went away. They never came back. They did not even write letters. You ask me why?

"Tin cans. A miserable, debauched little river. Uncut weeds and dim street lamps and no street markers. Rough



FITTING industries to towns and towns to industries is Mr. Blue's job. He studies towns as employers study new applicants for positions. He knows why some towns get new factories while others are being passed by. If your town is one of the latter, this article may tell you why

paving and a street system that is not hooked up to the district in which you offer free land to factories. Who will build a factory on ground which might be unreachable by fire engines on a stormy night? The town has not been zoned and so it has a mussy and upset appearance. Who will build a \$30,000 home when he knows that a galvanized garage may be set up next door? Your trees are gray with dust. The first thing I asked myself, a stranger, when I came here was:

"Would my wife want to live in this town?"

"And the answer was 'NO'."

One man jumped up and waved his arms.

"Thank God," he cried, "for Moses!"

The Moses he meant was the Moses who led the Children out of the Wilderness, I suppose. I sat down to wait for the indignation to burst over me, but the diners gave three cheers. The local paper printed editorials. Every one buckled down to business. They cleaned up everything I had criticized and did some things on their own. That little river is now a gem of clear, clean water rippling gently between green banks. A riverside park is the pride of the town. Tin cans have ceased. A residential district has been created in which a number of handsome homes are being built. Main street

has been paved and cleaned and painted. A new lighting system has been installed, a golf course established—

And what good did it do?

Existing industry has expanded and new industries are considering locating there. A new era has dawned. The town has taken on an air of self-respect and enterprise.

Choosing a factory location

OUR ATTITUDE toward the manager of a factory in search of a new location is much like that of a banker. We want to know what that factory's past record has been and what its product is and where its markets and its raw materials lie.

When we know all there is to be known about a factory for which a new location is being sought we can offer the factory owner a choice of towns. I mean that we can put before him a list of towns which are on a practical equality so far as commercial factors are concerned. When he has finally narrowed down the list we begin to discover what the rival towns have to offer. The competitors must match each other in two categories.

They often offer material inducements. Sometimes freedom from taxes or a reduction in the tax bill is promised for a term of years.

Occasionally a cash bonus is given or a definite amount of stock is taken. Sidings are laid down and factory buildings are offered on option or a time-payment plan.

They also compete in the intangibles.

Nowadays factory owners know they must consider the interest of the men who work for them and the wives who wait at home for those men.

The relation of employer and employee no longer begins and ends at the factory gate. The employer who knows his business wants to know about the living conditions in the competing towns.

If his men are to be housed in comfortable houses, modern in plan, with grass plots in front and kitchen gardens behind, his labor troubles will be reduced. He asks about outdoor recreations and theaters, and the school system. No town that is not clean and sanitary will be considered.

The cost of labor is always in his mind, of course, coupled with the tax rate. He asks about a possible radical element in politics or labor circles. He wants to know the town's past record toward employers. He asks for a report on the town's bankers.

Let me tell another story.

The eye of the outsider is almost always needed before a town can see its defects. Its residents are accustomed to them. But this is not always the case.

One town had all the material advantages any factory management could desire but its down town section was inconvenient, crowded, and uninviting. I suggested that it should be rearranged.

"I can bring factories here if your down town is brought up to date."

"Nothing can be done,"

said the town's leaders to me. "We're stuck. Two business interests are fighting and any change that has been proposed would favor one and injure the other and each has influence enough to block it."

No factory owner will venture into that town, of course. Similar conditions exist in many towns, but rarely in such aggravated form. It would pay that town to compel an amalgamation of the rivals but there seems no possible way to work this out. As a consequence this town is dropping behind in the race, for I am firmly convinced that the factories are moving away from the big cities and into the small towns. The cities will always be the laboratories of industry, of course, but business men are beginning to realize the industrial possibilities of small and medium-sized communities. They are awakening to the fact that in many localities outside the congested metropolitan areas there is available today one of the primary requisites of successful industrial operation, an ample, continuous supply of power at rates which are on a parity with those in large cities.

Power is more reliable

ONE of the biggest things that the electrical industry has done for this country is the interconnection of electrical plants for mutual assistance. The industrialist fights shy of a community where a single isolated electric plant is the only source of power. On the other hand, he is readily convinced that he is quite well assured of continuous service in many small towns today. This is due to the fact that, through interconnection of power plants and junctions with outside systems these towns have several sources of power supply.

I have in mind a case in Ohio where our big Philo plant provided most of the power for our operations. It happened that one of the machines was shut down for repairs and the stand-by machine picked this time to give trouble. Before interconnection this would have meant disaster for the industries depending on us for power. The load dispatcher, however, called Pittsburgh and was advised that we might have 20,000 horsepower. He telephoned Cleveland and was told we could have as much power as the connecting lines would carry. Some friends in the southern part of the state chipped in with 7,000 horsepower. As a result we carried on and our customers did not even know we had been in trouble.

Let me tell another story.

A manufacturer of hosiery in one of the great cities had been on the friendliest terms with his workmen for almost a generation. Recently he called them to a blackboard demonstration.

"I am selling our product below cost," he said. "That cannot go on, of course. What shall I do?"

"We will take a ten per cent cut in wages," was the voluntary proposition of the employees.

But this plan failed and he has closed his factory. Now he is looking for a

(Continued on page 72)



Who will build a factory on ground which might be unreachable by fire engines on a stormy night?

Our Next Job is to Learn to Sell

By EDWARD S. JORDAN

President, the Jordan Motor Company

ILLUSTRATIONS BY CARLTON D. ELLINGER

If your selling costs are not as low as you would like to have them, these observations of an experienced salesman may point a correction

WHEN the first primitive farmer produced a little more on his little plot of ground than he could use himself, the problem of distribution had its origin. When he loaded his surplus on his back and set off for the nearest market he had started the business of transportation, only second in importance to that of agriculture, his original industry.

When he returned to his primitive home bringing with him knowledge of other peoples, their language, their resources and their religion, his mind became the first library. Civilization thus began.

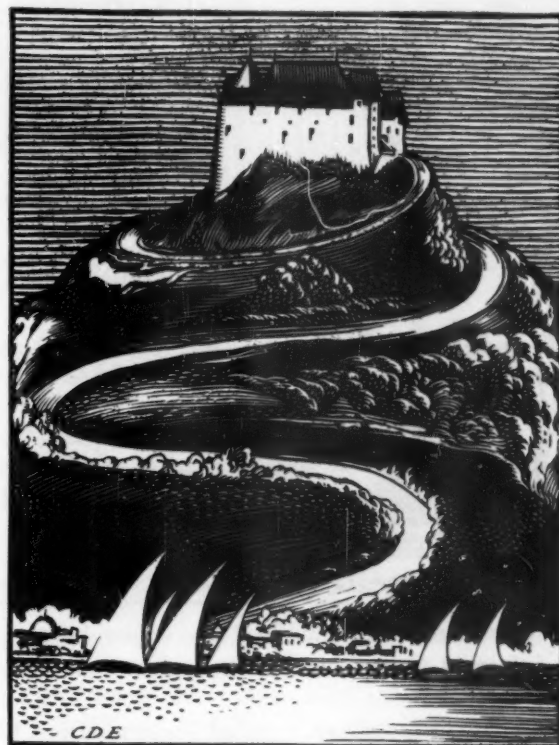
Culture followed the accumulation of knowledge and capital by this rural Marco Polo of that distant day.

Before long, as the market of this ambitious original producer widened, he discovered that his cost per ton mile in transporting goods upon his back was excessive. So he tamed the horse, put a pack on the donkey, saddled the camel, conquered the elephant and merchandising in volume had begun.

Yet he thought the cost per ton mile was too high so he invented the wheel. Soon the mountain and desert trails became roads; roads which enabled Rome to conquer the then known world.

From that day to this the economic progress of every city, state and nation has kept pace with the changes in the cost of production, transportation and distribution.

The Phoenicians were first to employ the winds to cut the cost of distribution when they fashioned sailing vessels to bring the markets of the Mediterranean under their control. Then began the struggle for the supremacy of the sea, in which the Spaniards, the Dutch, the English and



Soon the mountain and desert trails became roads; roads which enabled Rome to conquer the world

Portuguese were most conspicuous rivals.

Marco Polo, Columbus, Drake, Magellan, Cook and Hudson were the original world-travelling salesmen. They were inclined to be a trifle abrupt in getting orders but as the Prince of Wales said about us Americans, "You may call their methods vulgar but they get away with them."

English freighters won

THOSE were the days. Cortez and Pizarro opened up Mexican and Peruvian markets with a few horses, muskets, powder and shot. The Dutch traded a few pennies for Manhattan Island. Even Jefferson was able to buy Louisiana for an amount about equivalent to the losses of some of our big corporations in the year 1931.

England won the first great battle for the control of ocean commerce. When her frigates

whipped the Spanish Armada, Britannia began to rule the sea. For generations she maintained the lowest cost per ton mile in ocean transportation. From her tight little island she directed the trade of the world and controlled a lion's share of its distribution.

She had no strong rivals, at first.

Meanwhile the greatest farm and factory on the face of the earth was developing on the American continent, the great producing corporation known as the United States.

For more than one hundred years this producer could not keep up with the growing demands of her own consumers. New England, finding farming difficult, started peddlers over the paths of inland commerce. But the cost per ton mile was great. The Conestoga Wagon took up the loads of itinerants and carried them across the Alleghenies. Then the steamboat, the Erie Canal barge, the railroad, the automobile and the airplane successively reduced the cost per ton mile. With large immigration, gold strikes, the cotton gin, the McCormick reaper, oil discoveries, advertising and, most important of all, the development of marvellous machinery, the United States became the big farm, factory and department store on the main corner of the main street of the world. The



Erie Canal made possible the development of a string of great manufacturing cities across New York State. The steamboat brought the produce of the Ohio and Mississippi valleys to tidewater and the markets of the world. Machinery made the South the cotton-producing kingdom of the earth and the reaper released the farm hands for the factories of the new nation. The automobile and the telephone broke down the barriers of sectionalism between the states.

The man from Portland, Me., touring to San Diego discovered that the man in Texas no longer carried a gun. A nation of people had been created with common aims. Un-

problems of the engineering, production and initial merchandising periods only to be arrested by the greatest problem of all, that of profitable distribution.

A brief summary of events will tell the story common to nearly every industry.

When automobiles were first produced the demand for individual transportation had been accumulating for 2,000 years. Any car which would run could be sold. Engineers, unskilled in production economies, sales methods or finance, dominated the business at first. Each built his first car to satisfy his desire for self-expression. There was no standardization and the results were expensive. Several hundred failures were the result.

Standardization

OUT of this group of engineers rose Henry M. Leland and Henry Ford. They were believers in standardization. Leland sent four Cadillac cars to London, where they were disassembled, all the parts thrown into a pile, and then reassembled. The parts proved interchangeable. Standardization had arrived.

Ford built every car exactly like every other car and took an idea from the Chicago stockyards where hogs hung from moving overhead chain conveyors.

Thus the production period was introduced and producers like Nash and Chrysler had their opportunities. Production was increased 60 per cent every year for several years. Dealers stood in line for popular sales franchises. Trading was not a serious problem. Cash sales were the rule. Factories made millions—distributors bought yachts. Then something happened.

Production began to exceed the capacity of the dealer to sell at a profit. Long trades for secondhand cars cut the margins. Something had to be done.

In September, 1920, the first merchandising expedient which follows overproduction was introduced.

Ford cut the price and sold cars. General Motors guaranteed prices for six months, thinking to stem the tide. Studebaker followed Ford's example. That made what was called Studebaker year. Soon all the manufacturers had cut prices and the dealers saw the valuation of secondhand cars reduced. The law of diminishing returns had started to operate. Something else had to be done.

Time payments, the second expedient, were introduced. The finance companies came into the battle and the American people mortgaged future earnings for a transportation necessity. Many dealers, pressed by the factories, overdid time payment sales. The law of diminishing returns functioned again. Losses grew with time sales and more trades for secondhand cars. Something else had to be done.

The next expedient, multiplicity of new models, followed. Hundreds of colors, scores of new body designs. New chassis models loaded the dealer with inventory, increased the factory overhead and decreased the profit for dealers by making older models obsolete and cutting secondhand car values.



When automobiles were first introduced the demand had been accumulating for 2,000 years. Production increased 60 per cent a year for many years

derstanding and education brought us a higher culture.

Cities grew with the development of transportation. New York became the center of ocean trade. Chicago, the center of a web of rails, passed St. Louis in population. St. Louis was at first limited to one strand of steel and one bridge over the Mississippi. Los Angeles was a village when San Francisco was a city. Then she spent many millions for roads. San Francisco was handicapped by her location on a peninsula. So Los Angeles soon exceeded her in population.

The reduction in the cost per ton mile in transportation and distribution was doing its work.

Production increased, distribution failed

THE war came. The productive capacity of the country was enlarged to supply the warring nations. New machinery did the work of many absent men. Engineers had accomplished miracles in new inventions and methods. Production men had speeded output with record-breaking results. Advertising and travel had cultivated new desires among the masses.

But soon the production began to exceed the capacity of the distributing organizations to sell at a profit. The usual merchandising expedients which always follow an excess of production were introduced. Price cutting, time sales, multiplicity of new designs and high pressure efforts to reduce inventory were tried. The results are always the same. The law of diminishing returns always operates.

No industry offers such a graphic picture of the successive steps in this process as the automobile business. Started a little more than a quarter of a century ago, it has met the

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Wise distributors, once prosperous, gave up before it was too late. New distributors or branch houses took their places. Thousands of small dealers were failing every year. In the meantime factories were trying to increase outputs to excel competitors in volume.

Today the average automobile dealer is merely applying a new car in part payment in the purchase of a secondhand one. The tables have been turned. The owner is the salesman. The dealer is the purchaser.

Early in 1931 the average ratio of secondhand car sales to new car deliveries was approaching 1.50. The oracles say that when a dealer has to sell two secondhand cars to deliver one new one, he reaches the point of diminishing returns and goes out of business. When the dealer crop has been exhausted, then the factory must establish branches, which means taking the secondhand losses and consequently reduced output.

So it appears that the automobile industry is facing the problem of distribution.

For awhile it was thought that the foreign market would provide the outlet for the excess of production, but the reduction in the cost per ton mile has not brought individual transportation within reach of the masses in most of the countries of the world.

A few million more radio sets, telephones and automobiles, with good roads, will do more to solve the problems of the world than all the conferences held between now and doomsday. Hoover calls attention to the \$5,500,000,000 being spent for armament. Transportation, communication and brains will eventually break down the barriers of selfishness, pride, prejudice and excessive tariffs.

Anyone with cash can buy

ANY manufacturer who talks about refusing to sell to Russia, providing he can get his money, is like an automobile dealer I once knew. He said he wouldn't sell a car to a colored man for fear it would hurt his social standing.

Distribution, in the new era now approaching, will not prove as difficult a problem as it now seems.

Men with vision, sufficient capital, a proper plan, good advertising, service, knowledge of markets, and patience will solve it.

The first requisite in any approach to this solution must be a marked change in the point of view of the average producer. Many American manufacturers find it difficult to visualize the point of view of the customer. Only when facing economic pressure do they concede the necessity of meeting his desires.

"The present depression is in large part the result of faulty methods of distribution," said Kenneth Collins, executive vice-president of R. H. Macy & Company, Inc., and chairman of the sales promotion division of the National Retail Dry Goods Association. "We haven't learned to sell the goods we make. We need sharper wits in advertising. We need to throw away a lot of pre-

conceived ideas and study what the public wants. The trouble is that too often retailers are trying to sell the public what the retailer wants to sell."

A single fundamental illustration is always apropos in a discussion of selling. A wise man proposing to a woman does not enumerate all his superlative attributes. He sells her the idea by talking about herself. Then he tries to measure up to the kind of man she wants.

Competition makes better service

DEPARTMENT store managers have been accustomed to making the people come to the big store. Chain-store operators are going closer to where people live. This forces the small independent merchant to give even more intimate service to hold his trade. Competition will force the chain store to do the same thing.

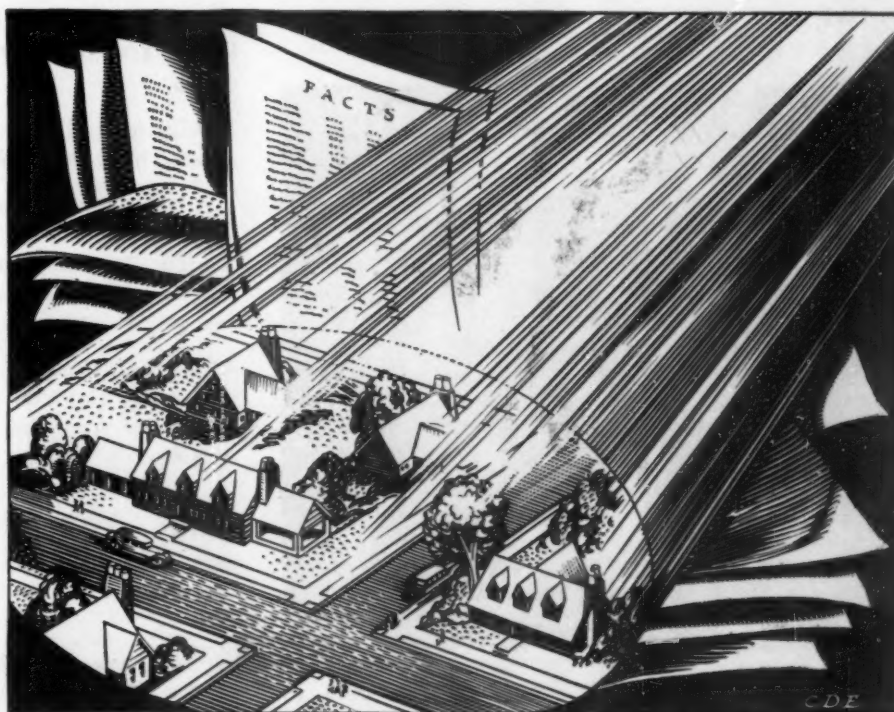
Concentrated capital behind the volume distributors, representing volume producers with volume purchasing power, will bring retail prices down as competition grows. Ask any manufacturer about the differential between the price he gets at the factory and the price the retail purchaser pays. There is too wide a divergence between these prices.

The retail merchant offers many good reasons for the differential. Overhead, service, delivery, advertising and many others. Competition from the neighborhood stores will eventually force him to revise his selling policies and perhaps his overhead.

Merchants were once able to buy large quantities of standard merchandise and tell people what they wanted to buy. Now they must carry innumerable styles and the customer tells the merchants what he prefers. This creates an overhead problem for the manufacturer who must produce a multiplicity of styles, but with modern transportation speeded up, deliveries are prompt and smaller inventories may be bought.

Advertising in most cases is being written by men and women who never have close contact with buyers. They try to get ideas from workers on the firing line but they get

(Continued on page 110)



Market analysis will rapidly become a business requiring intense application; facts will be made accessible to all distributors

No Business Can Escape Change

BY A new photographic method of embellishing textile materials, the cloth, impregnated with a sensitizing solution, is used as a film to receive the printing. It is said to withstand light and washing. . . .

A TALKING, singing radio pillow, for use in Pullmans or hospitals, has been developed. Comfortable, it entertains the user, doesn't disturb others. . . .

REAL cream, canned and sterilized, for table or whipping, can now be had from the grocer. It keeps in any climate so long as the container remains sealed. . . .

THE advantages of the natural sponge, none of its disadvantages, are claimed for an artificial sponge developed from regenerated cellulose. . . .

A PLASTIC rubber compound, made in the form of a paste, is cured by exposure to air. It has essential qualities of rubber cured in the usual manner. . . .

MICROPOROUS rubber, which absorbs moisture up to 60 per cent by volume, has also been developed. . . .

INSURANCE is now being offered newspapers against loss by libel suits. . . .



COURTESY THE LINCOLN ELECTRIC CO., CLEVELAND

This Cleveland home, said to be the first arc-welded steel-framed house of practical design, cost just \$24 more than it would have with wood frame construction

★ LIFE moved slowly in the days of long ago. Tradition dictated man's actions; custom outlined his courses. Today we move swiftly, unceasingly. Our watchword is change, our quest is ever for the newer, the better ways of living and doing

HOW could radios affect spark plugs? Because spark plugs affected radios, or at least those installed in autos. So now a plug has been developed which eliminates "spark-plug static" from your auto-radio programs. . . .

A NEW aluminum foil milk bottle cap completely covers the roll rim of the bottle and is nontransferable. . . .

A NEW machine makes paper barrels, said to be lighter, stronger, and cheaper than wooden ones. . . .

COIN-IN-THE-SLOT typewriters are available in some Berlin public writing rooms. Insert a coin and you can type about 500 words. . . .

A NEW counting machine measures wire, rope or cable. An automatic brake stops the count when the end whisks through. . . .

FLEXIBLE cast iron is being made. Use of nickel eliminates the tendency to become brittle. . . .

RINGS of steel, two inches in diameter and furnished in panels, have been developed for armoring composition roads and floors. . . .

A NEW electrical gauge does internal or external work, checking parts to close limits on a quantity-production basis. . . .

ANOTHER electrical device turns on a light with the opening or closing of a door, turns it off with the opposite movement or, if you forget to swing the door, automatically extinguishes it within a few minutes. . . .

HIGH heat-insulating value, sound-deadening properties and lightness are claimed for a new building material made from a cement mixture and having a sponge-like appearance. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this department is gathered from business and scientific publications, announcements from individual industries, bulletins from research institutions and from personal interviews. Further information upon any of the subjects mentioned will be furnished readers upon request.



The workmen would scorch up main street when they went home to dinner at noon

In the Days Before the Depression

By CHET SHAFER

ILLUSTRATIONS BY CHARLES DUNN

★ YOUNGER readers probably won't be interested in this story. They never saw the Middleburg Mr. Shafer writes about. Older readers should read it only when they have leisure so that, having read, they may enjoy the memories it will awake

IT WAS the afternoon of Ol' Mort Wheeler's funeral.

Down at Benham's Livery, Feed and Exchange Stable the span of blacks had been strikingly decorated with the white lacy fly nets and Mel Benham, the paunchy proprietor, chewed the ends of his walrus mustache between booming orders for action.

From the office with its door of ragged pink mosquito netting he brought a long black coat and a high silk hat, both dull and greenish from long usage.

"Here!" he yelled, at Cliff Reed. "Get a move on!"

Cliff was a swipe, one of a rather large personnel, somewhat kinked up with "roomatiz" and, as usual, a trifle tipsy. In his overalls and a dirty undershirt he had just finished washing the running

gear of a smart sidebar buggy in the addition at the back end of the stable where the floor boards were wide apart to let the water drip through. He stood, humbled by authority, while Mel buttoned the

coat around him and clapped the hat down on his unkempt head. He mounted the seat of the hearse and drew up the lap robe. Mel tucked in the robe under his legs and around his feet. The disguise was complete. Cliff picked up the lines and drove away. When the funeral procession passed through Middleburg on the way to the "Fifth Ward" (that's what everyone called the cemetery because Middleburg had four civic

divisions) Cliff's makeup, and the superb dignity he assumed, added much to the solemnity of the occasion.

Unquestionably, the livery stable, with its swaggering proprietors like Mel Benham, and its picturesquely worthless swipes, like Cliff Reed, to whom the smell of horseflesh was irresistible, was an outstanding business in every town in the smooth, glamorous days before the landscape was cluttered up with

helical gears and four-wheel brakes. It was a center of activity with its gilded, cast-iron, racing-horse weather vane and that inimitable slogan painted on the wall of the office:

WHIP LIGHT
DRIVE SLOW
PAY CASH
BEFORE YOU GO

But the unfeeling hand of a swift and relentless progress has long since swept

eliminated all chances that the varnish would be scratched by a careless foot. A turnout, thus equipped, filled the bosom of a "sagaciating" swain with justifiable pride when, with his four-inch choker and his hair parted in the middle, he went up to take his girl out for a ride on Sunday afternoon.

He always kicked off any mud clinging to the step so his girl wouldn't soil her dainty button shoes when he hand-

its hollow pounding noises, and the cooper had a barrel wagon which was the biggest vehicle in town, unless there was a band wagon. He tied the barrels on with ropes and no youngster ever lived who didn't openly hope to be around some lucky day if the ropes broke.

Ol' Man Boyer had a foundry—Bill Strickland "run the rattlers" for him—and another one of the leading industries was the bicycle spoke factory.

"Big" wages for workers

THIS was a frame building down by the railroad tracks near the water tank where "Denver Slim" and the other hoboos carved their initials with arrows pointing the direction in which they were headed. There they swaged out spokes in deafening machines and the "swagers," burning great, thick calluses on their hands, earned as much as \$10 and \$11 a week, piece work. Signs on all the doors of the building read:

"STRICTLY NO ADMITTANCE EXCEPT BY PASS FROM OFFICE."

All the workmen at the spoke factory rode bicycles and at noon, when they went home to dinner, they staged a thrilling, bumpy race over the cobbles of the main street. They'd hump over, using their toe-clips, and scorch, endangering the life and limb of anyone who happened to be crossing at the time. All the merchants and their clerks stood out in front of their stores urging more speed with such yells as:

"Dig in your toenails there, Clemmie!"

And the ubiquitous Smart Aleck, one leg hanging carelessly over an iron hitch rail in front of the pool room, was sure to shout:

"Hey, there, Elmer! Wher'd yuh git the ice cart? Better drop a cake off here!"

But, as far as businesses were concerned, Sam Jordan was master of more than any other single individual in Middleburg.

Besides being the town marshal, in which capacity he loaded the drunks on a dray on Saturday nights and took them to the "calaboose," he operated a sawmill, a cider mill and that gem of progressive engineering—the carpet wheel. This was a giant drum—a huge treadmill affair—with the slats about four inches apart. He'd stuff the carpets in through a large hole in the side and they'd flop around. The dust was a foot thick during the housecleaning season. The wheel was run by the same threshing-machine engine that ran the cider mill, and, interesting enough, it came



Mel Benham buttoned the long, black coat over Cliff's overalls and clapped the silk hat down on his head

it into the limbo of forgotten things, to be visioned only by those whose mellow memory carries them back to the days that are gone forever. Yet, important though it may have been, it was just one of the many far-reaching businesses that have been sacrificed, without pity, and relegated to the dark, yawning maw of near-oblivion.

For instance:

Products that went obsolete

MIDDLEBURG had a whip factory where they made a tan number with a red lash that was a flash in the hands of the Smart Aleck who rode around with his top down and his "ribbons" held in the accepted fashion of the day, crossed and gripped in his left hand. And the Initial Toe-Pad Company made toe-pads, those magnificent marks of elegance and distinction. In a square of oilcloth, glued to a heavy pasteboard base, the initial of the buggy owner was pressed with a steel dye. The pads, hooked over the side of the buggy box,

ed her up. He'd drive off with a flourish, and his girl would try to remember her mother's parting caution:

"Now, Millie, be sure to keep that lap robe up around you!"

Strangely enough, the Toe-Pad Company enjoyed an unusual side business, too, which was quite lucrative. In the manufacture of backs and seats for buggies a large amount of curled hair was consumed. Just at that time the fad for bustles was raging. Few could afford the tony spiral-wire kind. So many a youngster was sent down there to buy two or three pounds of the curled hair so his mother could construct a satisfactory one at home, and stick out a little farther in the back than anyone else when she swished down the aisle of the church Sunday morning. If she wore it when she went uptown to pay her bills and do her trading one loafer was sure to remark to another:

"If that thing was growed on her like that she'd give 50 dollars to have it sawed off."

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close to causing one of Middleburg's major tragedies.

One day "Hop" Miller (one of his legs was shorter than the other so some called him "Hop" and some "Step-And-A-Half") went down there and crawled inside to sleep off a touch of drowsiness acquired while helping a bartender roll some kegs off a dray. Some of the loafers had followed him and they slipped around and turned on the steam. Round and round went the wheel, creaking dismally. With the first revolution "Hop" fell and hit with a tremendous flop. It woke him. Instinctively, he clung to a slat. Every time the wheel reached its crest he screamed for help. The loafers ran. But luckily, Sam happened along to shut off the engine just as he was about to give up and let go. Everyone said afterwards if he'd have ever let go he would have been pounded to a pulp.

"Hop" exhibited his black and blue marks for a week. He threatened to get a gun, too, and blow the jokers so full of holes that they'd look like tea-strainers. But he never did. In fact, he died in the poorhouse without ever having achieved anything more notable in the way of a reputation than that of being a mighty handy bung-starter. But then, after all, that was something.

A short-lived factory

THE place where they made the "IXL" wooden pumps and the ax handles wasn't a very big place. Neither was the broom factory, the sorghum mill or the fruit cannery. But the bran-duster factory, down on the avenue, which was built and operated by the Frink Brothers, Frank and Albert, who lived in a brick house with a cupola and an immense bay window, was a really stupendous institution.

It was a long building, down on the avenue. The office, which was separate, was six-sided, an unusually distinctive design, and there were glass windows in five of the sides, a prodigal waste of glass. The machines they manufactured were installed in gristmills, to dust out the bran.

The outstanding feature of this factory was the fact that it was the first one in Middleburg to have a siren whistle. On the opening day, the Frink Brothers had the engineer blow it from seven o'clock in the morning until 5:30 o'clock in the evening, continuously. This was not alone to show off the whistle, but to call attention to the factory, too. The idea was singularly successful. Everyone went down to see and hold his ears. Before noon Sam Jordan and others had stopped six runaways

on the main street. And, with its first wild screeching blast, a horse that Ol' Cappie Doane was shoeing kicked that bewhiskered blacksmith the "hull length" of his shop.

But, somehow or other, that factory never got along so very well. After about a year it went to the wall and they began making wooden pulleys there, paying \$1 a day for help. Then Albert Frink got into trouble and was sentenced to a long term in the penitentiary for embezzlement.

Of course, while the bran-duster company employed more hands than any other plant in Middleburg, Ol' Pete Cowling's Wagon Works attracted almost as much attention—and much more on days when they finished a masterpiece. For some reason that will doubtless ever remain a mystery, Ol' Pete built his wagons on the second floor of a frame building back of the Middleburg House. The wide door of the second floor opened out onto a railed platform and a wooden ramp, with guard boards, slanted down to the ground. Getting a new wagon down was an event.

Ol' Pete and a few others would hold back on a rope tied to the rear "ex" while a couple of workmen took hold of the tongue. With loud shouts of "Stiddy, now!" they eased it down, slowly, carefully, and cramped it around into the

yard. All the loafers stood around, joshing the workmen, and secretly hoping that the vehicle would get away and run wild, which it never did. Then they'd appraise it with expert eyes, bet on how many bushels the box would hold and speculate on who was likely to buy it. And Ol' Peter always had to order somebody to get out the yard and stay out when he rubbed a contemplative finger over a shiny spoke to see if the paint was dry.

Bicycles and hand cars

THEN, too—there was a factory where they manufactured railroad velocipedes—a bicycle on rails. That eventually grew until they made hand cars, and the business stationery of the company carried an etching of the plant that stretched out for miles, seemingly, into the cloudy distance. The illustration showed five trains, puffing smoke, and loading with the products.

Besides, Jim Pratt made posing chairs for photographers—the Roman type—and another ingenious model which could be converted into different combinations, so no two pictures would be alike. Bill Dyer had a carpet-stretcher, to get carpets up into the corners.

Such was the business of Middleburg, back in the 'eighties and the 'nineties. Odd though it might seem now, those businesses were important. They kept life moving, even if the gait was slow.

No business man of today—potent monarch of magnificent records of progress though he may be—could be regarded with half the esteem, and awe, that was the meed of the Hon. Edward B. Lonsdale, of the railroad velocipede company. Particularly when Mr. Lonsdale, in all his pomposity, mounted his wheel from the step on the back axle, zoomed up gracefully to land on a pneumatic-cushioned seat, and pedalled grandly off down the street.

But now—all those businesses have disappeared. Down where they made the distinctive toe-pads there's a concern that turns out automobile axles. The old bran-duster building is occupied by a machine shop. Mel Benham's livery stable burned down one night many years ago. At the last report Middleburg showed an average increase in filling-station construction of five to the block over a similar period last year. Everybody's talking about the new airport. The professional at the golf club makes more money in a week than Ol' Pete Cowling got for a wagon that took two months to build. And—well, things are just different, that's all.



No business man today is half as pompous as Mr. Lonsdale



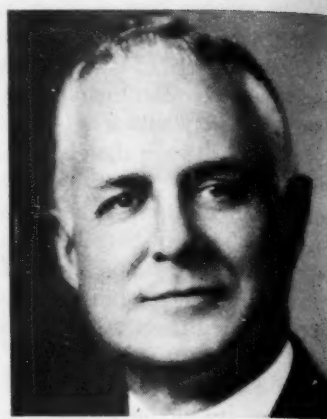
EQUIPS

One line of office equipment was not enough for James H. Rand, Jr., founder of Kardex. He wanted to include all office equipment in one organization. He nows heads such a company—Remington Rand, Inc.

THEIR NAMES MADE NEWS



Here are their faces



STATE CHAMBERS

Besides furthering trade relations between the state of Virginia and the British Isles, Julien H. Hill, Richmond banker, has been elected head of the National Association of State Chambers of Commerce



HIGH SEAT

One of the country's most important directorates is United States Steel Corporation. To fill the vacancy caused by the death of George F. Baker, Sr., Sewell L. Avery was named. He heads U. S. Gypsum



GLASSES

Prohibition did much to disrupt the glassware business. Meeting new conditions is a hobby with George Dougherty, head of Morgantown Glass Works, three time head, American Glassware Mfgs.



ANTITAX

Frederick H. Rike has long been known as a successful department store official as head of Rike-Kumler Co., Dayton, O. Now he is active in opposing sales taxes on retail sales in a number of states



CEMENT

When the Portland Cement Association named Edward J. Mehren president, it broke precedent in going outside the industry. Mr. Mehren has long been with the McGraw-Hill Publishing Co. as editor



EX-ARMY

George S. Gibbs enlisted as a private during the Spanish American war. Lately he has been a major general, and chief signal officer. He leaves government for business, going as vice president, I.T.&T.



TEA TASTER

Robert A. Lewis of Chase and Sanborn is chairman of the Federal Tea Board. He is one of the country's expert tea tasters. It is now possible, he says, to get a first rate cup of tea all over the U. S.



Clearing of park lands was one way by which applicants earned relief

Helping the Man and the City, Too

By WILLIAM H. BOOK

Director of Civic Affairs, Indianapolis Chamber of Commerce

★ INDIANAPOLIS, in caring for her poor, has revived and refined a plan she practiced following the panic of 1893. Through it she has cared for her needy in a way which has both preserved their self-respect and given the city itself concrete and valuable returns

EVERY able-bodied applicant for public poor relief should perform some work for that relief. He will benefit by it, and the community, which pays the cost, also will benefit.

This is a proposition which, in this period of depression many communities have made some effort to put into practice. Results have not been uniform. Some communities have given up the effort; others are continuing the plan with unabated vigor. One of these latter is Indianapolis, where diligent, cooperative effort of citizens and public officials have made the plan work efficiently.

It is not entirely a new plan for Indianapolis. In the winter after the panic of 1893, those seeking charity were offered work in the public parks. The plan, devised by a citizens' relief committee under the direction of Col.

Eli Lilly and William Fortune, attracted considerable attention at the time but eventually people forgot about it.

For more than 20 years nobody thought much about it, although costs of poor relief were rising and carrying tax rates up with them. Then, in January, 1930, the Community Fund of Indianapolis called a meeting of civic leaders to see what could be done about unemployment. At their request the mayor and the president of the Chamber of Commerce appointed a commission to attack the problem.

Jobs are better than charity

THE old plan was rediscovered. It was brought out, dusted off and modernized. A committee, known as the Emergency Work Committee, was appointed to set the old plan in operation.

The plan is grounded on the fundamental idea that able-bodied, self-respecting men would rather have jobs than charity, that the community which gives money for relief, either by taxation or voluntary contribution, is entitled to some tangible return besides the knowledge that the hungry have been fed and the cold have been warmed.

This knowledge is frequently the only satisfaction the taxpayer receives for that part of his assessment which helps support charitable organizations. But in Indianapolis there are more visible and satisfying returns. The dollars which would have been spent anyhow in poor relief have wrought civic improvements of immense value.

Moreover, the plan has been a means of bolstering the morale of those who, for the first time in their lives, have been compelled to seek relief. Permitted to do useful work, they do not suffer that loss of self-respect which easily leads to loss of ambition and to accepted pauperism.

For that class which already had become hopeless charity cases, it is hoped the plan may result in a work test which may, perhaps, be the means of restoring some lost ambition and reviving the habit of industry.

These advantages, though worth striving for, were not obtained without some

effort. The Committee realized at once that its problem was complex.

Almost the first question asked was, "Where will you find the jobs?"

The questions raised still other questions:

"What will be the specifications by which these jobs will be determined? Will you put these men to work on projects and in departments where they will replace regular or prospective employees?"

There was plenty of work

THESE turned out to be the easiest to answer. Any one who has had experience with public budgeting problems knows that sufficient work can always be found to provide employment for any number of relief applicants, unless there be a complete breakdown of all our institutions; that this work need not duplicate regularly planned projects or displace a regular or prospective employee and that it will be useful work redounding to the benefit of the taxpayers and to the improvement of the city. The projects worthy of consideration but thrown out of a new budget in any year because of inability of the taxpayers to provide the wherewithal are a most fruitful field. In a city like Indianapolis there is almost a limitless store of such work. That has been the source tapped for the "made work" plan.

In times past, like many other cities, Indianapolis bought plots of ground for park or playground use in excess of the amounts which current funds could develop. With this new labor, some of these tracts have been cleared and prepared for later beautification, while direct improvement of others has been started.

A number of small creeks run through the city. Years ago they were beautiful little streams, but as modern drainage systems were constructed their flow dwindled and, as beauty departed, they became public catch-alls for trash. These streams have been cleared, banks beautified, stagnant pools turned into the stream current. Once more they have become ornaments which increase the beauty of the city.

Indianapolis has a modern system of collecting and disposing of trash and garbage, yet it has never been advisable to appropriate sufficient money to clean alleys and vacant lots which so often are used as dumping grounds by neighbors. With this "made work" labor, Indianapolis had such a house-cleaning last spring as few cities ever had. Cities, like some people, are not

good housekeepers. From alleys in two blocks of one good residential area, 19 trailer-loads of rubbish were gathered and hauled away.

There are thousands of street intersections in Indianapolis, as in every city, too narrow to handle the flow of modern traffic. Indianapolis taxpayers never have, and probably never will, put up the money to cut the curb radii at these intersections, at least not in wholesale fashion. Yet it has now been done, and without spending a dime more than would have been given away for poor relief save for the comparatively small outlay for materials.

Marion County, in which Indianapolis lies, has a road system in good condition as to its surface. There has not been, however, and never would have been enough money properly to clean and ditch the sides of these roads. But with "made work" labor it has been done. Improved drainage, which removes traffic hazards and gives longer life to roadways, thus saving taxpayers real money, is a concrete result of this work.

The plan has had by-products of usefulness. Dead or dying trees on city park land were removed. From the fallen logs, firewood was cut and placed in municipal wood yards for distribution to the poor. From the wood in storage the summer fuel problem of the poor-relief authorities—many families must have fuel in summer for cooking purposes—was largely met, and a vast amount of wood was stored for use this fall and winter.

Parks used most labor

BY FAR the largest amount of labor has been used by the park department. Out of 615,000 hours of labor in seven months, this department has used 227,000. The city sanitation department has had the next largest amount, followed by the county roads department. Only the surface has been scratched. Our answer at the beginning of our experiment was that the source of jobs would be the least of our worries. That has proved true.

The plan, of course, involves some expense to the departments using the labor. Tools and materials must be provided and supervision also is necessary. The cost has been exceedingly small, however, in comparison to the amount of labor used and results obtained. Some departments, of course, have spent nothing.

Then, too, the plan would not have succeeded without the fullest cooperation of the officials, both those who ad-

minister relief and those who receive the benefit of the labor. On every hand there has been a tackling of the job with the utmost desire to make it succeed. Particular care was used in choosing the men assigned as supervisors of the labor. It would have been easy to have been too tolerant or too harsh. The course adopted and rigidly followed has produced a maximum of result and a minimum of discontent.

The original purpose of bolstering the morale of those who must, for the first time, apply for relief has been achieved. From every department come stories of satisfaction and contentment of the men themselves. With it all, the urge for each worker to try to find a job for himself has not been diminished.

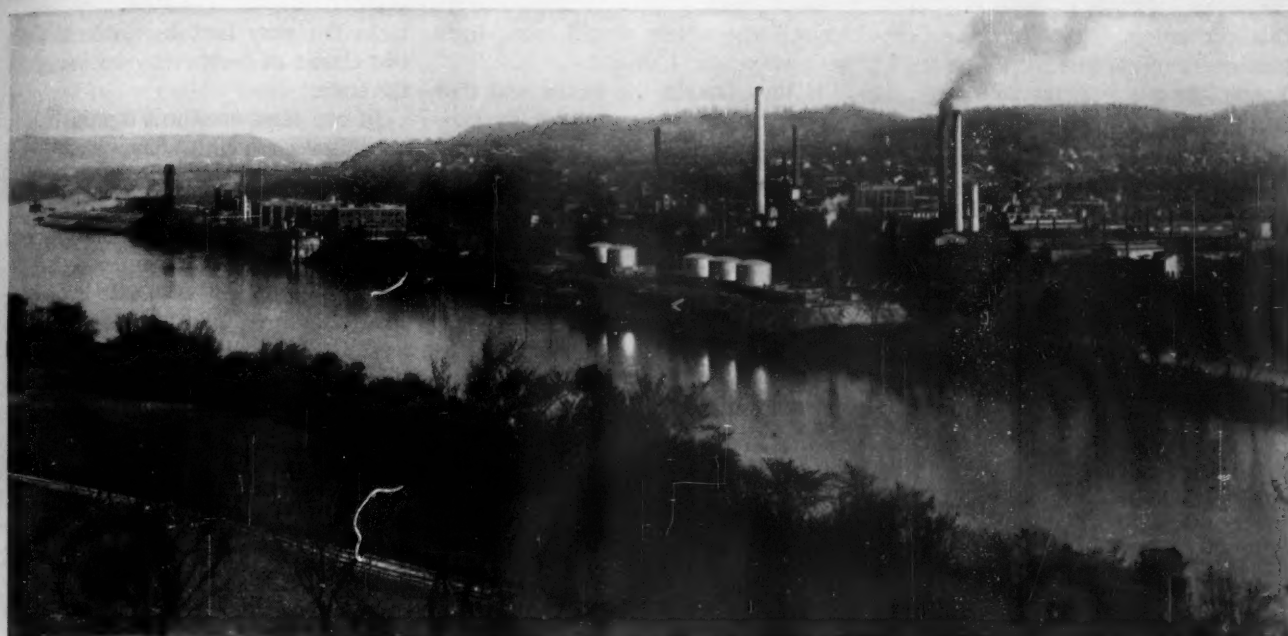
Three days' work a week

THROUGHOUT last winter preferred treatment was given to a selected group of needy men recommended by the social agencies. To their regular allotment of relief from the public agency a small allowance of cash was added. For this purpose the Community Fund placed a considerable sum in the Committee's treasury, and other contributions swelled the fund. Each man performed three days' work each week for the relief thus afforded. With the advent of warmer weather and depletion of the fund, the only allowance made was the relief given by the public agency, and every able-bodied applicant for such relief is required to give two days' work. When cold weather comes again, it is expected that the plan will have been perfected sufficiently to continue this requirement, and at the same time to resume the preferred treatment of those who are recommended by the agencies.

There are, of course, many problems in the working out of any such plan. The major one is that of organizing the work to be done and "dispatching" men to their jobs in an efficient manner. The risk arising from accidents to workmen, adjustments to the public and private agency relief plans, and many other details have required much attention, but such problems would be different in every community and are not of general interest.

The plan has not been constant. In fact, from the beginning, it has been recognized as an experiment, needing to be proved by time and application. Even yet it is by no means perfect. Still it is a beginning. Thus far it has worked successfully.

This winter, it is hoped, it may work even more successfully.



BOLLINGER, CHARLESTON, W. VA.

West Virginia today is a great industrial plant. Chemical concerns are concentrated near Charleston

Tax Dollars Can Buy Full Value

By HERBERT COREY

★ WHEN your town builds a new school or a courthouse, you help pay the bill through added taxes. If part of that money is wasted, you have a right to complain. You don't allow waste in your own business, why should you pay for it elsewhere? West Virginia business men don't

THE mayor said, "The new high school should be built on Alta Vista place. There West Virginia's lovely hills will be an inspiration to the boys and girls when they lift their wearied eyes. . . ."

The old lawyer said:

"Nonsense. We'll not spend the \$310,000 derived from the sale of bonds on a hunk of scenery. What we want is an up-to-date building. . . ."

Issues joined. The fight raged for two years. The same kind of a fight, differing only in duration and dollars, has raged in almost every town in the United States. If the fight is not about the location of a schoolhouse it is about the placing of the city hall. One result is always certain.

The town loses money. When a town loses money it comes out of the pockets of the taxpayers.

The procedure usually runs this way. The bond issue is authorized. The bonds are sold. The money is placed in the local banks at from nothing to three per cent interest. The bonds draw in the neighborhood of five and one-half per

cent. The fight breaks out. Every day lost in reaching a decision means that the town loses a little more money on interest paid as rated against interest received. Even if there is no fight the town loses money, because it has sold its bonds as a lump and only draws upon the money received by tens of thousands.

It did not happen that way in this West Virginia town.

The town saved \$54,000.

A plan that has worked

ANY other town in any other state can do the same if the state adopts the West Virginia plan. The thing works. It has been working for ten years. So far as the officials of West Virginia know no other state has adopted the plan, although in one other state a timid approach has

been made. Yet they have not been keeping their state light under a bushel. Whenever they get a chance they tell the national conventions of state auditors and treasurers and controllers about it. Nothing has ever happened.

To the outsider it looks as though the average taxpayer listens more kindly to oratory than to statistics.

In ten years West Virginia's demonstrable savings have reached the considerable total of 13 million dollars. Possibly half as much again. No one knows the actual total and no one can know because no one can say how low the prices of West Virginia's bonds might have gone in the market if it had not been for the plan. This much is known.

"Before the plan was adopted the situation was a mess," said E. A. Dover,

chief accountant of the State Tax Commissioner's office, who with Houston G. Young, former secretary of state, is credited with devising the plan.

"We had to force the state's banks to buy our bonds," said Gov. W. G. Conley. "They did not want them. But we got them together and talked it out. The state had to promise the banks that the money they paid for the bonds should remain in their vaults until it was needed."

State's credit was poor

FAIRLY sweet for the bankers, to get interest two ways on the same dollars. Yet they are not to be blamed. Here is what State Auditor Edgar C. Lawson says of the situation as it then existed:

"Delays and defaults in the payment of interest and in retiring bonds at maturity had injured the state's credit. Too frequently the local governing boards had failed to keep proper records, were unable to ascertain the exact amount of outstanding bonds, and did not know what amounts should be levied for interest and sinking funds.

"Often the necessary levy for the sinking fund was overlooked. It was not unusual to use the sinking fund for current expenses. Generally the sinking fund lay for years in some local bank where at best it drew not more than three per cent and sometimes no interest at all."

Something had to be done.

An exigency of politics forced the executive officers of the state to study the situation. Perhaps this is an unkind way to put it. No doubt they had been studying it on their own. But the exigency came along. Maj. John C. Bond, who preceded Mr. Lawson as auditor of state, notes that in 1913 a workmen's compensation fund had been created by law. All political subdivisions were required to offer any bonds that might be issued to the fund at par and accrued interest. If the fund waived its right to buy, the bonds might then be offered to the public.

Bonds were not readily marketable because prospective purchasers were dubious as to how, when and where they could collect the principal and interest. Such a condition forced a high interest rate and, despite this, it was often necessary to offer the bonds at less than par, thus making two contributions before we could market them.

The responsible officials of the state found themselves caught in a trap.

If they refused to buy West Virginia's local bonds because they were "du-

bious," the voters would hunt them with whoop and halloo.

If they bought the bonds and they proved to be sour or not readily marketable in an emergency the voters would also hunt them.

Therefore the State Sinking Fund Commission was created. On the Commission are three elective officers—the secretary of state, the auditor of state and the state treasurer—and the state tax commissioner, who is appointed by the governor. The sinking fund Commission put in operation what West Virginia knows as the deferred payment plan of buying bonds from the various political subdivisions.

Let us begin at the beginning.

Under its constitution, West Virginia may have no floating debt. Current expenses must be paid by legislative appropriation out of current income. This may hamper the state's style now and then. Grandiose plans lose something of their glamor if the cost may not be shuffled over to the shoulders of the growing generation. It restricts that hankering to go on a spending splurge that sometimes at-

tacks the very best legislatures. Only two classes of bonds may be issued by the state.

In one class are the Virginia bonds, a hold-over from the days when West Virginia was still a part of the mother state. Nothing can be done about them. They will never increase, but interest and principal must be paid.

The other class is of bonds issued for road purposes. Eighty-five million dollars' worth is outstanding, but the taxpayer does not fret about them on tax day. The motorists of the state are taking care of them. The gasoline tax and motor licenses pay for the maintenance of the roads built out of the bond issues. They pay for the upkeep of the State Road Department and for the interest of the bonds. Between times they retire a chunk of bonds. To be precise, they have retired \$16,710,000 of state road bonds to date, and have improved or are now improving 3,502 miles of road.

Along with the state road bonds the State Sinking Fund Commission handles the local bonds issued by the 700 political subdivisions of West Virginia's 55 counties, for every local purpose from building schoolhouses to paving streets.

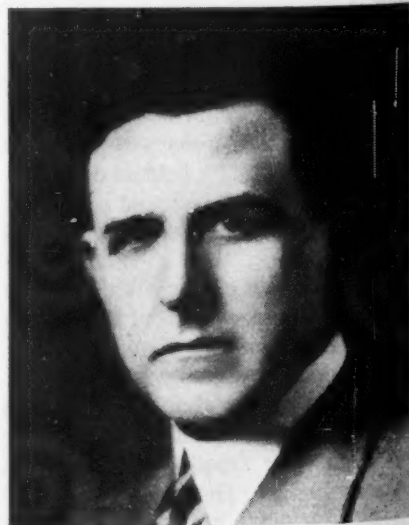
Built up since the war

WEST VIRGINIA today is being transformed into a combination laboratory and turbine and sawmill and mine, but ten years ago it was definitely poor. Its roads choked it in a net of mud. Bridges were needed over its streams. The streets of its towns were badly paved. During the World War progress was impeded, as in every other state, but it had come to the war in worse condition than had many states. It jumped into the reconstruction from scratch, William



E. A. Dover (above) State Chief Accountant and Houston G. Young (right) former secretary of state, are credited with designing the plan

WEST Virginia, we believe, is the only state to establish a State Sinking Fund Commission to administer interest and sinking funds for all local bonds issued by the various political subdivisions of the state



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C. Cook, state superintendent of free schools, summarizes the situation which then existed in most lines of progress by defining the educational lack:

"West Virginia," he said, "is comparatively young in the development of its school system. In 1917 we began with practically nothing."

In the less than ten years since the State Sinking Fund's deferred payment plan has been in operation the state's financial operations have been redeemed from a condition approaching chaos. The state itself has been kept solvent.

West Virginia's local bonds had been issued below par or at a high rate of interest or both. Today the state's bonds, whether of the most remote school district or the wealthiest municipality, command top prices in the money markets. Bonds have been sold which carried an interest rate as low as 3.5 per cent. The latest issue was at 4.10 per cent.

When millions are involved then the saving of even a fraction of a per cent runs into big money over the years.

No wonder the Sinking Fund Commission's lowest estimate of the saving to the state is 13 million dollars. Yet the state's plan is in no way sensational. Unless common sense is sensational.

When that \$310,000 bond issue was authorized for that West Virginia town and the town split into two sputtering factions as to the spot where the new high school should be built and stayed split and sputtering for two full years, the bonds were not issued. Nothing could be simpler than that. The Sinking Fund Commission merely said to the divided community:

Deferred payment plan

"We will buy your bonds when you make up your minds.

"The interest starts when you begin to spend the money.

"You will pay interest only on the money as you spend it.

"And not on the entire bond issue until the bonds are entirely issued."

That is the gist of West Virginia's plan. Its officials call it the deferred payment plan. In an era in which most



West Virginia solves her road problem by letting the motorist work it out. Those who use the road pay for building, upkeep and maintenance

communities complain of overtaxing and many of overbonding it is well worth an examination.

It is not a panacea. It is not a protection against local extravagance and its accompanying high taxes.

The Commission may not say to any town:

"Behave yourself. You do not need a new city hall. You can wait for street paving until you get another mill at work. You must practise economy."

But it has saved millions of dollars and kept the state solvent.

Under the law, the Sinking Fund Commission has first call on all bonds issued by the 700 political subdivisions at par and accrued interest, after the needs of the Workmen's Compensation Fund have been met.

Buys bonds when needed

IT IS required to see that the issuing units levy a tax sufficient to carry the interest and sinking fund.

This tax-raised money is turned into the Sinking Fund at certain fixed intervals.

The Commission issues money against the bonds—or, to use a simpler term, buys the bonds—only as the issuing

community needs the money.

This would not be possible if a banking house had been the buyer. Not only does a banker insist on his right to protect his clients against the possible machinations of market sharpshooters, but he is likely to feel that unless he can get an entire issue the bond sale is not worth bothering with. In 1923, for instance, one district decided to issue bonds to the value of \$1,350,000 for school purposes.

Money when needed

"ALL or none" would have been the reply of any banker who might have been approached with a view to a sale.

Very little of that money was used in the first year. If the bonds had been sold to a banker the district must have paid the full interest and received a problematical three per cent on the unused funds.

The Sinking Fund Commission purchased the bonds as the district needed the money and detached and cancelled the unpaid past due coupons.

"We saved that district \$125,000," said the Commission.

The Sinking Fund Commission does not sell bonds privately or have any correspondents. When it needs money, it advertises bonds for sale to the highest bidder and credits premium to the issue sold.

Now and then the bond market swings up because of some happening somewhere in the world. The Commission keeps a careful eye on the market price of the state's bonds. Some Saturday morning a Charleston bond may go two points above par:

"We will sell you Charleston bonds at today's market," the Commission wires its correspondent in New York.

Whatever profit may be made goes to the credit of Charleston's account. Likewise if the chance comes to snap up a West Virginia issue under par the Commission buys. Those bonds are worth par to the issuing community when the time comes to redeem them. What profit is made goes to the community, of course. It is the only sure-

(Continued on page 96)



In each organization the communist is the boss

WHEN will the revolution take place in America?" In all seriousness, a young Russian put this question to a hard-boiled American engineer who had spent several years in Russia. Without hesitation the answer came: "When they take all the automobiles away from the working man."

The Russian engineer didn't get the full import of the answer because he knew nothing of conditions in America. He was amazed to hear that even laborers in this country own automobiles. That conversation, it seems to me, sums up a lot of the differences between laboring conditions under the Soviet and in the United States. It also tells a lot about the points of view of the two peoples.

I took about 30 years' experience with American working men with me when I went to Russia as the Russian partner of an engineering firm having several contracts in connection with the iron and coal mining industries. My experience in my own country was simply that of many another American consulting engineer. I had started in the mines of West Virginia as a laborer and had been successively miner, foreman, outside boss, chief mining engineer, superintendent and manager. Then I had much the same sort of experience in the anthracite fields of Pennsylvania. In addition, I had some experience with building shops and mills around Pittsburgh.

I mention this merely to bring out that in my work I have been in close contact with American labor most of my life. I have sweated with him, eaten with him, fought with him, discussed hopes, fears and aspirations with him, and slept in his bunk house. It is only natural, therefore, that I should make a lot of mental notes while in Russia on the life and habits of the Russian laboring man.

In making any sort of a comparison or contrast between the countries and their peoples, it is imperative that several factors be kept in mind. The Russian is not the blood brother to the American. They can scarcely be said to be cousins. The oriental strain is strong in the Russian. He is truly Asiatic in his emotions and in his thinking. Being an oriental, and hence a fatalist, he accepts stoically conditions which the American would rather die than accept.

Frequently the question is asked, "How does the wage of the Russian worker compare with that of an American similarly situated?"

No categorical answer can be made. Wages are not the same thing in the two countries. We should be trying to com-

The Worker's Lot in

By Col. Clarence T. Starr

RUSSIAN SKETCHES BY WILLIAM GROPPER



BEFORE going to Russia, Colonel Starr had had 30 years' experience with American working men. For three years he had opportunity to study labor's lot in Russia. His comparisons of conditions in the two countries should end many misconceptions concerning Russian labor

pare things which cannot be compared. Suppose we take the case of the miner in the Don Basin. He may be employed at any one of 322 occupations specified for each mine. He gets his pay partly in cash, partly in benefits. His daily pay will range from 1.2 rubles to four rubles, depending on his job. He has a five-day week—working four days and rest the fifth. He gets a vacation from two weeks to four weeks long. At least theoretically he gets it. Usually he does not. The necessities of the Five-Year Plan, the lack of food at the rest camps and sanitariums, once palaces, has made it impossible to grant many vacations in the last two years.

The worker gets cash and benefits

IN CASH, then, he will get between 65 and 70 rubles a month. In a year, if he is about average, he will receive in cash and benefits 1,200 rubles. You can get two rubles for a dollar minus a small charge for exchange, but the worker cannot turn around and get a dollar for his two



Each member of a family is entitled to ten square meters of space for sleeping and living quarters

in Soviet Russia



All speeches—and they are countless—are propaganda. Even movies are planned to make the worker more patriotic. Censorship is absolute

rubles. Neither could you or anyone else.

His benefits amount to about 37 per cent of his total wage. They are important to him, as they include free rent, or rent at a nominal charge, insurance, heat and light, vacations with pay, hospital and medical attention, working clothes and tools and goods at government prices at government stores.

His insurance is intended to cover him in case of sickness

or injury. If he dies his wife receives his wage until she remarries or until the children are old enough to go to work.

The worker's rent is based on his daily wage. It varies from two copecks per square meter of floor space to 25 copecks. Each person in a family is entitled to ten square meters of space. If you happen to be seated at your desk as you read this, and your desk is about average, you can figure that you would, if a Russian worker, be allowed sleeping and living space just about five times the area of your desk top.

A word of explanation might be of value here. We are accustomed to think of money received as belonging absolutely to the recipient. It is not so in Russia. He can not exchange it for foreign money. He can not invest it except in governmental loans. He can perhaps save some but there is no point in his doing so. What he can buy with it is determined by the Government. The prices he must pay for the few necessities available in the cooperative stores are set by the Government.

Families may be grouped together

IN THE matters of food and clothing, the worker in the new Russia is not highly favored. Both have the same function—to keep him alive. No attempt at luxury, at palatability, or at smartness is to be found. The cooperative from which a member of the worker's family purchases the limited menu of red herring, black bread, cheese, perhaps butter, rice and soup-meat will undoubtedly have an odor almost nauseating to an occidental.

The family meal may be prepared in a kitchen given over to that family alone or to three or four families.

In the larger cooperative apartments at least three families will be allotted the use of a single bathroom. As plumbing, like

everything else in Russia, is far from standardized, a lost stopper or handle is seldom replaced.

More often than not the worker uses his ordinary clothing as auxiliary sleeping garments in cold weather. Simple woolen and cotton clothing of the most utilitarian type makes up his wardrobe. The many refinements that even the humblest American laborer knows will not be found among the clothing of the Russian. They are not available. This is particularly true of silk and linen articles and his wife's "lingerie" would scarcely appeal to an American woman of even the most remote sections.

The rate of his insurance, which is high, is also set by the State. He has no thought of getting rich, or of getting above the dead level of welfare of his fellow-workers. There is no class distinction, and the possession of goods or money would be interpreted as tending toward that. Therefore, the worker spends all he gets—if any goods are available.

At the head of every institution or "trust" there is a communist. In all Russia there are less than two million communists, members of the party. They are the government, although they form less than one per cent of the population. In each organization the communist is the absolute boss. Management as we know it here is simply an aid to the party member, who practically has the power of life and death over his workers. If for any reason a worker is discharged, he loses his bread card, and with it loses his right to buy at the Cooperatives and his claim to floor space for sleeping. A worker discharged is just out of luck. He cannot obtain work elsewhere. He is blacklisted. He may be sent to Siberia, and dumped off the train in some waste land as the thermometer sinks far below zero. Perhaps he may be put in a lumber camp and given enough to eat and a place to sleep in exchange for his labor under working and living conditions which impartial investigators have de-

scribed to me as terrible. He is lucky if he lives, and perhaps equally lucky if he dies.

In America, the lot of the working man may not be ideal or Utopian, but it has many features which make it definitely different and in my opinion place it definitely above that of the citizen of the Soviet. Russia undoubtedly overthrew a tyrannous form of government, but there is little freedom for the common man in Russia today and every man is a common man. Although the country passes under the title Union of Soviet Socialist Republics, there is nothing to suggest "republic" to us as we know the term.

Communists dominate everything

THE 1,600,000 communists have the country in what appears to be a relentless and an iron grip. I have said that they are the Government. They are even more than that. By throwing out religion, it is almost as if the government were saying to the people, "Thou shalt have no other Gods but me." It is generally admitted that there was a strong and, in many cases, an unhealthy alliance between church and state under the czar. In eliminating the church, the new Government was doing away with a form of authority which it feared. It wanted no other dominance over the people but itself. Its campaign against religion and the clergy has in some cases been carried to extremes. Parents are not permitted to give their children any sort of religious instruction until they reach the age of 18.

In reading over the list of benefits and comforts which the Russian miner receives, the reader may well ask, "What has he that our own miner does not have?"

And the answer is "Nothing."

In both the anthracite and bituminous fields, the American miner lives better than the Russian. This is true even during the present period of depression. The American has his compensation in case of ac-

cident, which is pretty rigidly fixed by most states in which mining of any sort takes place. Any additional life, accident or sickness insurance he may purchase for himself at prices far below those in force in Russia.

Nothing of the sort is likely in the present Russia. The family as we know it simply does not exist. Death and birth are simply unfortunate occurrences. Abortion is legal and prevalent. Death usually means that the income of a husband or wife has been taken away, and little else. With every one equal in the eyes of the State and every one selfishly trying to look out for himself there can be but little regard for individuals.

But to get on with the enumeration of the other advantages the American miner enjoys. He has the right to go to another mine if he dislikes his work. If he takes a dislike to his pit boss, he can go over to the next mine or the next, or can move to another state entirely. In Russia he cannot. If a Russian worker moves, it is because his Government has told him to. To anyone familiar with the habits and customs of American miners, that will mean a lot.

The American may unionize and enjoy the privileges of collective bargaining. In Russia, too, he may unionize and present grievances. Under certain conditions he may even go out on strike. However, if he stays out too long he is in danger of being cited as a counter revolutionist, the most sinister of offenses in the eyes of a communist. The penalty for that is death. And a surprising variety of actions may be construed as counter revolution by the authorities. Under the present régime, there is, of course, no such thing as collective bargaining, as wages for all are set on the basis of what the Government thinks the worker needs and ought to have.

Freedom in America

IF AN American miner wants to go to church he may do so. If he wishes to say what his children shall study, he may do so,

within certain limits. If he wishes to criticize the politicians, he may do so. If he wishes to visit his brother-in-law in Cleveland he may do so. If he wishes to borrow money he may do so. If he wishes to buy a house he may do so. If he wishes to rent out his front room he may do so. If he wishes to open a grocery store or an ice cream soda fountain in his front parlor, he may do so.

In Russia none of these things could be done. The Russian worker does not worry much, perhaps, because he cannot do any of these things, but that is because he is not aware that such things are going on anywhere in the world.

If the Russians, or the Czechs, or the Greeks in any city or locality in America wish to give voice to their opinions, they can start a newspaper. In Russia nobody can. There censorship is absolute. Opinions are simply not tolerated, and truth is only in bolshevik ideals. All speeches—and they are countless—are propaganda. Even movies are planned to

(Continued on page 126)



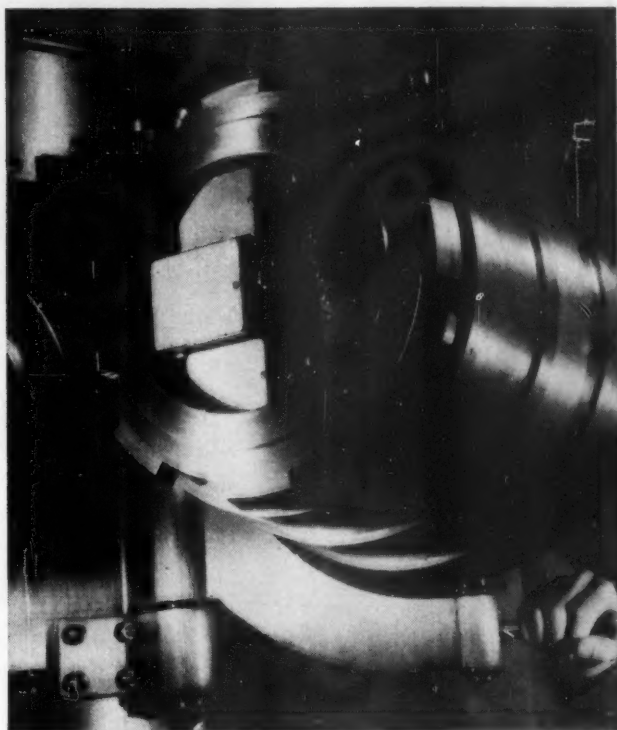
Each worker must, if necessary, spend several hours tutoring someone

WILLIAM GROPPER spent a year in Russia at the invitation of the Committee for the Promotion of Cultural Relationships with foreign countries. His sketches which appear with this article were drawn from life at that time



The worker gets part of his wages in money but the Government determines what he can buy with it

When a Business Man Turns Banker



PHOTOGRAPHS BY PENNEBAKER

By CHARLES S. PAULL

A NEW interest in my bank was thrust upon me a little more than a year ago. My father died and I inherited his bank stock. The other stockholders then elected me to his place on the board of directors.

Before that time my business interests were centered solely in manufacturing. For several years I had been vice president and general manager of a business founded by my father. I am now president with no change in duties.

After office hours I retire to a place of lesser importance in that greatest of all businesses, the home. We are just an average American family in an inland city of 30,000, living quite as any other family in our circumstances. We have our various social connections and a regular summer vacation place. Occasionally my wife has joined me to combine pleasure with business trips to various parts of the country. Nothing unusual at all.

But I am a bank director and there are fewer than 50 of us in our city. What man among us has not more than once—perhaps under an imagined provocation—declared what he would do if he were a bank director?

In the past I have been a depositor by choice, a borrower by necessity. Now I am a stockholder and director by inheritance. I accepted the responsibilities of this office seriously. For the past year I have studied diligently in an effort to be more than a figurehead at our board meetings.

★ **HERE** are the musings of a man who suddenly found himself appointed as a director in a bank. He understood manufacturing and selling. He knew little about banking. Bankers and business men will follow with interest his discussion of whether his bank should apply the same policies of management and selling that have proven successful in other lines of business

Since my first experience with banks, like yours, had been with the savings department, my study course seemed naturally to start on the savings department. It has proven a theme song with a hundred variations.

Among my interesting discoveries are—New England has banks handling only savings accounts and able to pay more than four per cent interest; Texas has banks which have not yet installed a savings department and announce they do not intend to; New York has a statutory size limit on each

savings account; Pittsburgh bankers will take all they can get; the same volume is handled by one employee in one bank and by three employees in another; interest rates run from three per cent to 4.5 per cent with no apparent relation to rates at which money is loaned; interest is computed in a dozen different ways on the same kind of account with a substantial difference observed between banks in the same city; and average balances seem to run from \$100 to \$1,000.

The savings account appeals to me as a sacred trust—it is the haven of women and children. It must be safe and, it follows, it must be profitable to be safe. My limited experience forbids choosing between the multitude of policies of which I have read and heard. However, I have learned in my business that one dollar is one per cent of \$100. And I learned in a directors' meeting that home savings banks of the type we have been distributing cost a little more than one dollar. Therefore, when I take little Martha down to the bank on her next birthday I will pay for the home savings bank she will insist on having, just like the one Junior got two years ago. The children's accounts seldom go above the \$100 mark, they are then reinvested, and it does not seem fair that all the net profit on the account for one year should be handed out in the home savings bank.

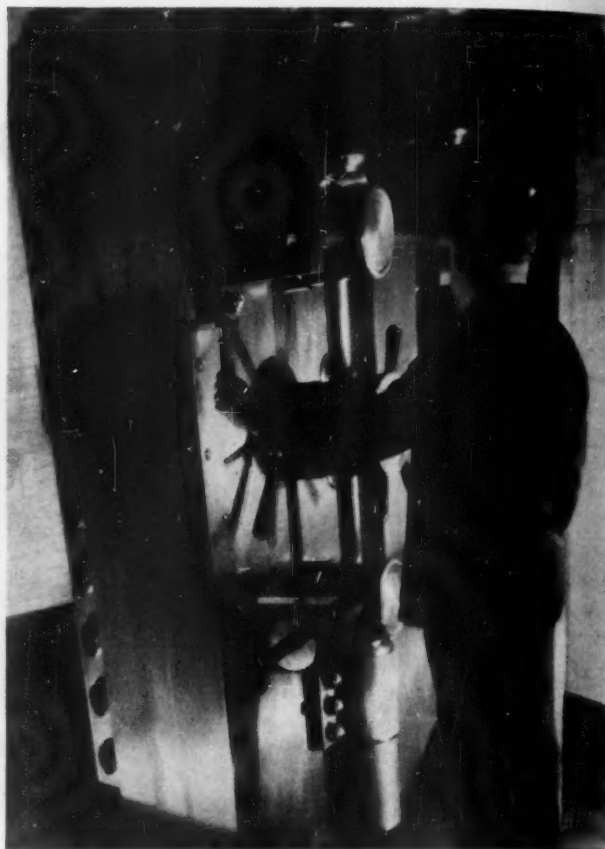
Free deposits may be unprofitable

MY INQUIRY into the so-called commercial department, the demand deposits bearing no interest and sometimes misnamed "free deposits," was not without its thrills and mysteries. In fact, the sales representatives of my company who gathered for our annual meeting at the first of the year seemed to think I was more interested in banking than in manufacturing, because of the questions I asked about banking conditions in their respective territories. I wanted to check with laymen, typical bank customers, against what I had read for more than a year in some of the trade journals of the banking business.

Our purchasing agent was not an important figure at our meeting but it was revealed to his great glee that banks throughout the country emphasize their purchasing departments in their front windows appealing for deposits, while their sales departments, dispensing credit, are frequently concealed on the third floor rear. Truly a bank is a purchasing agent's paradise.

The findings about commercial departments are quite as varied as for savings. Minimum balance requirements will illustrate. My bank has been taking all demand deposits as offered and calling them "free deposits." But I have learned that the policy of requiring a minimum average balance of \$100 is growing while in some cities and banks this runs up to \$500 or more. One of our salesmen is allowed ten checks per \$100 of average balance and pays five cents per check for any excess activity in his account. Most of the others pay a dollar a month when their average balance falls below the minimum.

In my business I know there is no part of the country where it would cost three times as much to manufacture an article of fixed specifications as it costs right here. Why then do some banks require a minimum \$300 checking account balance and others neither minimum nor service charge? It might cost more to run a bank in a small mid-western city than in a metropolitan center where the manufacturing principles of mass production and mass sales would reduce unit costs. But it is the small town folk who get free dime savers, free checking accounts, and free hog-raising counsel—and sudden bank failures; while the city banker who makes nominal charges for his safekeeping and bookkeeping on ac-



"My bank has a half million dollars which, while lying on deposit, is merely a stagnant inventory"

counts manages to keep his doors open in good times and bad. I believe my bank needs a little cost accounting in its checking department.

There are other confusing problems to the lay mind. I want to learn all the cost factors that make a \$50 account unprofitable. Is an account of \$5,000 average balance always profitable? The bank which limits a \$100 account to ten checks a month probably has the answer. Is it to be assumed that the \$5,000 balances have been so profitable as to succor 100 of the \$50 variety? If they have, then 101 people have been hurt. One is not getting a fair return on his large balance. One hundred are unwittingly, and no doubt unwillingly, classified by their bankers as charity cases. These same 100 are proud enough to want to feel that their bank makes a profit from their accounts as does their grocer from ten pounds of potatoes or five pounds of sugar which they might buy from him. I believe they will gladly pay a fair price for checking account service if the banker will determine a fair cost and a fair selling price.

I mentioned an under-emphasis on the bank's sales department. Even an amateur director knows there can be no profit in banking if the money so earnestly solicited from the public is not sold at higher rates of interest than are paid on deposits, plus the cost of maintaining a place of business.

Why not sell good credit?

PERHAPS my business training has been too steeped in sales problems to fit me for a bank directorship but my business made a normal profit in 1930 and the bank did not. My bank has a half million dollars, the banks of the country have hundreds of millions which, while lying on deposit, are a stagnant inventory. Not within my recollection has any

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bank in this city sought out the credit requirements of its customers and endeavored to sell them. Yet credit must be sold intelligently and kept sold if the bank and its community are to prosper.

If this idle credit were intelligently sold instead of being frozen up in bonds and cash much of the present misery in business would be relieved.

Upon my election to the board of directors of my bank one of my business and social friends congratulated me in one breath and in the next asked one of those difficult questions beginning with "Why?" He wasn't complaining; merely asking one of the perpetual questions in the minds of bank customers. Here is his question:

"Why is money still so high-priced at your bank? A couple of years ago when I needed my usual seasonal loan I told Mr. Blank I thought his interest rate was too high. In addition he demanded that the interest be paid in advance—discount he called it—and also wanted an increase in my bank balance which meant forcing me to make an even larger loan. My pleas for an explanation brought only a 'take it or leave it' attitude and a reminder that New York would pay 8.5 per cent for the same money on call.

"Those New York rates are gone but the same Mr. Blank hid behind legal interest rates when I reminded him a few days ago that call money is cheap in New York. Charlie, how long would your business or mine last if that man were in charge of our sales departments?"

I protested to my friend that his questions covered much more of the subject of bank credit than a new director could answer. More than a year has passed and my progress has been slow, especially when each meeting of our board seems to reveal a growing need for a form of note reading, "Ninety days after date I promise to renew."

Loans needed

SECRETLY, as a small caliber credit manager in my own business, I feel that our bank should be selling credit for plant remodeling and expansion, for the purchase of low-priced raw materials, and for better advertising and merchandising in all lines of local business. A trained credit salesman might even discover that we could improve the ultimate standing of some borrowers by advancing additional credit now instead of pressing for the collection of well secured loans which, when collected, will only add to our already heavy inventory of idle credit.

While on the subject of credit, I have seen a plan whereby a bank supplies a smaller customer's need for credit instead of throwing him to the loan sharks. A bank willing to take savings at two dollars a week should also be willing to sell credit to that same depositor and let him pay for it at the rate of two dollars a week.

If my bank should fail, I, as a depositor, might lose part or all of my balance; as a borrower I would be ex-

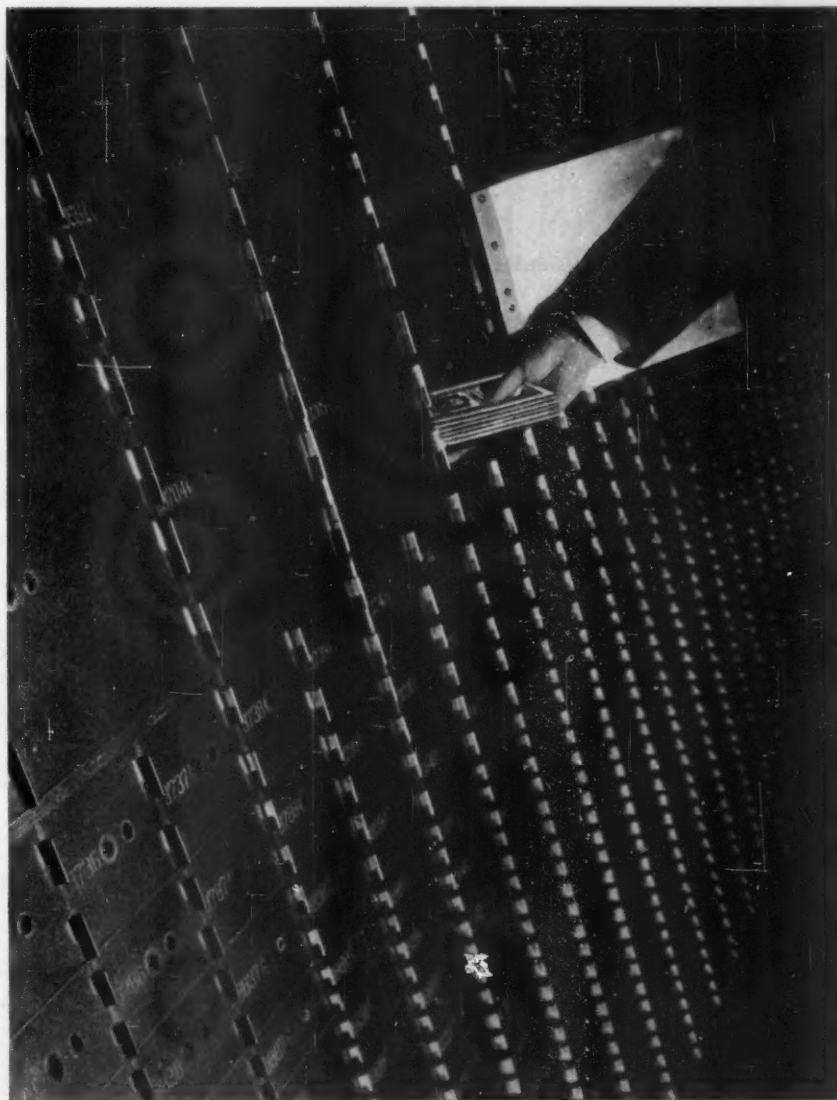
pected to pay my loan at once; but as a stockholder I face a 100 per cent assessment. This last bogey has stimulated my desire to learn more about banks.

"Too many banks; too few bankers"

SOME bankers in convention asked themselves the question, "What is the matter with the banking business?" One answer interested me because it seems to answer the same question for almost any business: "Too many banks and too few bankers." An interesting series of articles published a few years ago showed too many of every sort of retail establishment except book stores. If my figures are correct, banks fail each year in about the same percentage to their total number as do retail stores.

There is no good reason why a small community should have first a state bank, then a national bank, and finally a third bank because the ex-county treasurer is a good politician and would rather start a bank than go back to the farm. If such a community can support only one bank with service and profit to depositor, borrower and stockholder, there should be some method besides failure to bring about a consolidation. It is up to us stockholders to force a consolidation, rent two former banking rooms, and retire excess official and

(Continued on page 114)



"I want my bank departmentalized and operated under a sound cost determination system like any other business"



Damages to building were small in this fire; damages to records, great

Protecting Assets You Can't Insure

By FRANKLIN H. WENTWORTH

Chairman, National Fire Waste Council

THE standard fire-insurance policy in most states includes a clause something like this:

"This company shall not be liable for loss to accounts, bills, currency, deeds, evidences of debt, moneys, notes or securities."

Such a clause was found in the standard fire-insurance policy of New York State until January 1, 1918, when the wording was revised and made even more emphatic—"This policy shall not cover accounts, bills, currency, deeds, evidences of debts, moneys, notes or securities."

In the few states where the standard policy does permit coverage of such property, the coverage must be extended by specific mention and fire-insurance companies are often loathe to accept the risk.

There are several reasons for this reticence; among them is the ease with which records lend themselves to concealment and fraud. And yet these records are of tremendous importance to business. Their destruction has often seriously handicapped resumption of the affected business. In other instances it has meant tremendous expense and inconvenience to property owners and taxpayers.

A few years ago a fire occurred in the basement of the Department of Commerce Building, Washington, D. C. The loss to building and other contents was small but the destruction of records was irreparable. At the time it was said that the records destroyed could not be replaced if the Department had the entire wealth of the United States at its disposal. Parts of records of every year from 1790 to 1910 were

THE Council which Mr. Wentworth heads is affiliated with the United States Chamber of Commerce and works to advance knowledge of fire protection and prevention. Mr. Wentworth deals here with one of your assets most vulnerable to fire—your business records

burned. Similarly, valuable public records and documents have been destroyed by fire in various other public buildings such as the West Virginia State Capitol; the Montreal City Hall; the State Capitol at Albany, N. Y.; the Court House of Omaha, Neb.; and the North Dakota State Capitol.

Instances of the destruction of private business records are numerous. They indicate the need for adequate protection of records.

What records must be saved

THREE major factors must be considered in approaching the problem—first, the value of the records; second, the fire hazard to which they are exposed, and third, the relative merits of the protective methods available.

As the latter two are largely contingent upon the first, a thorough analysis of all records is the essential preliminary step. This survey should separate all records into groups of

(Continued on page 88)

The World Wars on Unemployment

By PAUL McCREA

Of the staff of NATION'S BUSINESS

SOME two centuries ago a group of British working men organized what they called a "Friendly Society" to pay unemployment benefits to their members. Their early methods were inexpert but their purpose was sound. They sought to spread the burden of unemployment over a group or a community rather than let it be borne by the few.

Today everyone agrees that this is a good thing to do. Unhappily, it is not an easy thing to do. Many men and many nations have ideas about how it should be done and who is to do it. Many of these ideas have been put into practice. For all of them claims are made and objections raised. Perhaps the claims are exaggerated and the objections unfair. We shall concern ourselves with them only incidentally.

What we shall attempt here is an uncritical examination of the field of unemployment relief. We shall conscientiously avoid arriving at conclusions. We shall arbitrarily regard present plans as experiments—as imperfect steps along a road that will eventually lead to perfection. In a word, we shall try to find out what is being done and by whom. Those who wish to go on from there may do so.

Our study naturally begins in England. Not because the English "dole" is the most widely publicized current plan of unemployment benefit but because England is the birthplace of the idea. The Friendly Societies improved their methods and stabilized their financing. Together with some trade unions, they continued their unemployment benefits. Public aid was eventually given these private associations but relief remained



DECORATION BY GEORGE LOWRIE

A combination of government and private unemployment relief plans may solve the problem

THE WORLD is seeking the perfect unemployment insurance plan. Many such plans are now operating. At least one Senator will introduce another when Congress meets. Everyone admits that some relief is needed. Only the method is in dispute. Here is a brief review of the situation as it stands today

voluntary until 1911 when Parliament passed the first law providing compulsory unemployment insurance. This was not a precipitate leap.

The Poor Law Commission of 1905-09 had recommended development of a system of insurance against involuntary unemployment. A national system of Unemployment Exchanges had been

set up in 1909 to act as placing agencies for workers and it was through these Exchanges that the new relief system was to work.

Whatever may be said of the British dole today, no one can quarrel with its early success. As originally conceived, the plan protected employees of only seven industries. It required that claimants to benefits must have been employed 26 weeks in an insured trade in the five preceding years. Benefits were restricted to a maximum of 15 weekly payments in a year and the claimant had to be unemployed at least a week before payments were made. Employers and employees were required to contribute to the fund along with the Government and some 2,250,000 workers were protected.

A growing deficit

IN 1914 came the War and great industrial activity. In November, 1920, the unemployment fund showed a reserve of some 90 million dollars. Then several things happened at once. The war-time boom collapsed, the Act was amended several times to meet the emergency; "extended" and "dependent" benefits were added and the actuarial basis of the fund was temporarily abandoned.

By March 31, 1928, the war-time reserve was gone and the fund showed a deficit. By November, 1930, it had borrowed from the national exchequer some 280 million dollars. Since then Parliament has granted two additional loans of 100 million dollars cash. In theory the fund is expected to borrow from the Government and, in better times, repay these loans but, in debates

in Parliament, it was frankly admitted that the fund can never repay.

From November, 1929, to October, 1930, the total cost was approximately \$2,487,000,000, of which \$1,509,000,000 was contributed by employers and workers.

This is a great deal of money. British industry would prefer to spend less but, even so, there is little loss of faith in the principle of unemployment insurance. Without it, Great Britain believes, the years of depression would have caused far greater suffering than actually was experienced. Some men believe that collapse of the dole in so far as it has occurred, was caused by the burden of chronic unemployment in declining industries, a burden which the plan was not designed to assume, and to abuses.

Many abuses of doles

THESE abuses are summed up by Frederick Peaker, labor correspondent of the *Morning Post*, in an article written for the *London Sphere*:

Many thousands of married women are on the dole while their husbands are in good work. In these cases the married woman is entitled to 15 shillings a week. Young women of the working class are discovering that it pays them not to leave their employment on marriage but to continue for a few months and then manage to get dismissed. If they leave work on marriage they are presumed to have left the labor market and are no longer eligible for benefit but if they continue to work for a period after marriage they can be in and out of work at leisure.

Domestic servants are not eligible for the dole—hotel, boarding house and club servants are. At the end of September there were 46,139 of these people drawing the dole, and the figure had grown to 63,085 by the end of October. In the old days many thousands of waiters, waitresses, boots and so forth flocked to seaside resorts in the summer, got good wages and tips and returned home with a good deal of money to see them through the winter. Now as soon as the seaside season is over, many of them go on the dole until summer calls them to the seaside again.

Perhaps the worst abuses are to be found at the docks in the various ports. Owing to the peculiar character of dock labor, it is provided in the Act that no qualifying period is necessary, so that if a dock worker is unemployed for a single day he can draw the dole for that day.

This has led dock workers to arrange rotas. Even if an employer wants to employ a man full time, he is not allowed by the trade union to do so. The work is shared out and earnings and dole are thrown into a pool so that all may share alike.

At the Bristol Channel ports I discovered hundreds of dock workers who are income-tax payers and yet are drawing the dole every week of their lives. There are roughly twice as many workers as are necessary. Half of them work the first three days of

the week. The other half draw the dole for these days. Then the groups trade positions. Those who worked the first half of the week go on the dole the latter half while those who drew the dole starting the week carry on at the docks.

These abuses, obviously, are less the fault of the principle than of its application. England is seeking ways to cure them.

Germany, also committed to national unemployment insurance, likewise is seeking reforms.

The German plan differs in many ways from the British. For instance, England pays the same dole to everybody. German workers are divided into 11 groups according to the wages they would get if employed. The poorest paid workers receive from the dole about 75 per cent of the wages they would be paid if working; the highest paid receive 35 per cent.

Germany also limits the period of payment of the dole to 26 weeks—or 39 weeks if the economic situation is critical—but the law provides sickness benefits covering a similar period and, in these benefits, the leading industrialists see the greatest abuse of the dole in Germany.

They declare that a workman can easily claim sickness as a forerunner to a lay-off.

The German law was originally passed in 1927. It provides that employers and employees should bear the entire cost with the Government making up any deficit. In the first place the number of unemployed was estimated at 900,000. The number was probably nearer 1,100,000 at the time and abnormal conditions of unemployment had increased it to 2,300,000 by January 31, 1930. Of these, some 250,000 were on extended benefits.

Government gives a subsidy

THE fund remained solvent until January, 1929, when it became necessary to borrow from the Government. By December, 1929, these borrowings totalled 80 million dollars, exclusive of emergency and special seasonal benefits. In April, 1930, the Reichstag voted to grant the fund an annual subsidy equal to half its deficit and to raise the remainder by increasing contributions, reducing benefits or by some other measure. The 1930 subsidy was more than 48 million dollars and contributions, originally three per cent of the pay roll, divided equally between employer and employee, were increased to 6.5 per cent.

This cost must be borne by employers alone in undertakings where the un-

employment risk is appreciably higher than the average. Complaints of abuses of the dole are heard less frequently in Germany than in England but a recent case in Wiesbaden is cited as an example that abuses exist. Charles Morris Mills, who has recently completed a study of unemployment insurance methods, describes what happened there:

"This city decreed that all who drew the dole must do public labor. As a result 28 per cent voluntarily relinquished all claims. Twenty-two per cent claimed sickness but medical examination proved only five per cent really ill. Thus a 45 per cent reduction in the dole was effected."

Compulsory insurance increasing

INEIGHT other nations—Austria, Bulgaria, the Irish Free State, Italy, Luxemburg, Northern Ireland, Poland, Russia and seven cantons of Switzerland—compulsory unemployment insurance plans are operating. France, too, has a compulsory plan but it is not properly unemployment insurance since it covers disability, retirement, death, maternity and several other matters. The law, although passed in 1925, did not become effective until July 1, 1930. Until recently France had little need for unemployment insurance but indications are that a test of the plan's efficiency in this regard may come soon.

A number of other nations have variations of a plan which originated in Ghent, Belgium, in 1901. By this device, when trade unions or other employees' organizations voluntarily establish unemployment benefits, the Government contributes an amount equal to whatever funds they raise. Belgium, Czechoslovakia, Denmark, Finland, the Netherlands, Norway, Spain and seven cantons of Switzerland have adapted the Ghent Plan to their needs.

In the United States, although our legislators have discussed the question for some 15 years, no compulsory unemployment-benefit plans exist. This is sometimes taken to mean that we have no unemployment insurance. This supposition is wrong. Many American employers are giving unemployment-benefit plans of many sorts earnest and comprehensive trials. These plans have attracted little attention, partly because those responsible for them have sought results rather than publicity and partly because they are unspectacular. If a man suffers from a dread malady and is cured, that is news.

If he does not have the malady, there is nothing to say about him unless great

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Sound Investments in Play

By WILLIAM INGLIS

IF THE college champions of today could see how the most successful leaders of business use sports as a means of having fun and keeping fit, the overemphasis on athletics would vanish. The big men make exercise pay the richest dividends in the world—efficiency all the year round and constant joy in living. They don't train frantically for three months, then loaf and grow fat for six. They follow a daily program with moderation, and supplement it now and then with a week or two in the open. They have converted sports from liabilities into assets.

This is the newest development in economics. The men who control and direct the forces of this machine age have learned how to take care of their own physical machinery, and make it work as smoothly as a faultless motor—a revolutionary change from the habits of their dignified predecessors, who wore top hats and whiskers, and never shed a drop of sweat at work or play. For example:

Walking for sleep

WILLIAM Blaikie, of Harvard, as famous in law as in athletics, told me of a Brooklyn multimillionaire friend who had traveled from the Tyrol to the Riviera, and from there to the Nile, trying to find a climate in which he could sleep. Blaikie met the sleepless rich man at Lakewood, and inveigled him into a stroll, which developed into a nine-mile walk.

Next morning the man was joyful because he had slept ten hours—a miracle. Clearly the balsam-laden air of Lakewood had given him sleep, just as his good doctor had promised it would.

"But how long was it since you had walked nine miles?" Blaikie asked.

"Not since I was a boy," said the multimillionaire. "But what has that to do with it?"

"And I have found," Mr. Blaikie told me, "that the Americans most eminent in finance, business and the professions know absolutely nothing about their physical machines."

How we have changed all that!

The big chiefs of today know as much about their own physique as they do about their steel furnaces, pipe lines, railways, ships, or factories. And rightly. For how can any busi-

ness organization function if the man at its head is below par?

One of the outstanding examples of right living today is Mr. Hoover, who actually finished his first year in office in better health than when he began. All the world knows of his 20 minutes of medicine ball exercise every morning with half a dozen friends, while Dr. Boone watches to make sure that no one overworks. This wise daily romp, with an



Horseback riding and squash play a prominent part in the health program of John D. Rockefeller, Jr.

occasional brisk walk and an occasional week of fishing, keeps the President up and coming every day to face the hardest and most responsible job in the world.

Walter Clark Teagle, president of the Standard Oil Company (New Jersey), has about as good a system of keeping his physical machine in prime condition as any man I know, and for years I have studied the best examples, from Presidents to prize fighters.

Sound body helps a sound mind

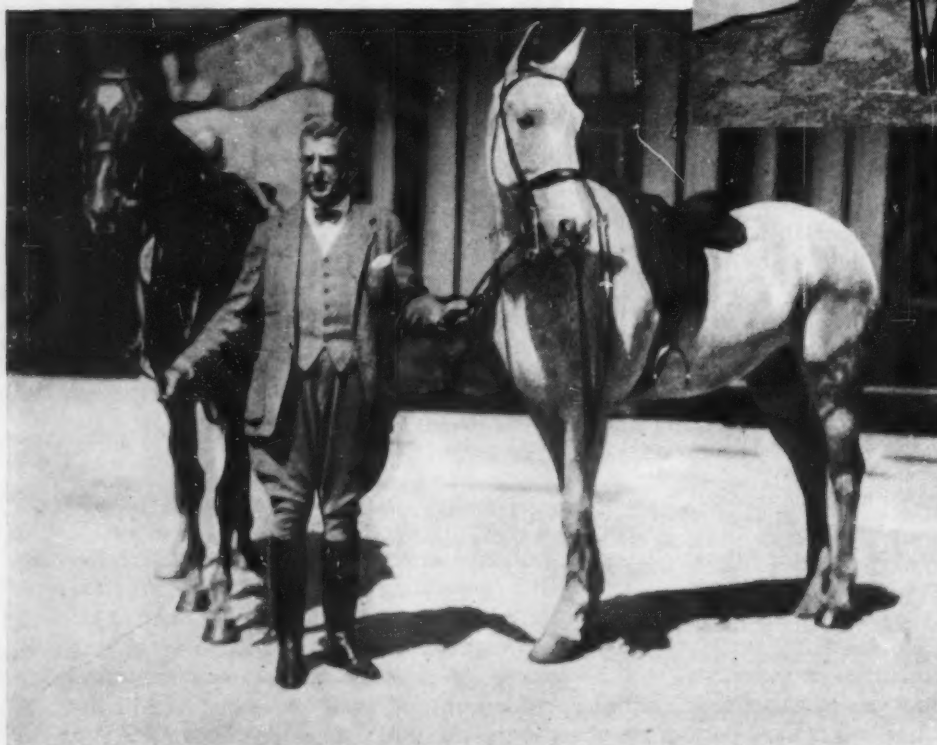
AT THE head of a company with more than a billion and a half dollars of assets, Mr. Teagle works with a picture of the oil situation of the world always in mind. As petroleum, in one form or another, enters into every business that supports life, he must also keep in mind the state of the whole world of business as background to his petroleum picture. This is not so hard as it seems, thanks to a memory which is photographic in detail, backed by a highly organized system of records.

As this big man sits in his quiet office, high in the steel and stone skyscraper at 26 Broadway, he is a picture of intense concentration and placid calm. Nothing ruffles him, though on some days he has to face a new problem every five minutes.

The policies of the company are determined by its directors, who meet several times a week; yet it often happens that the president must make a decision that will lead to success or failure.

The responsibilities for such vast and varied enterprises are a burden to tax the energies of the strongest man. How does this man meet them, day after day, and keep his strength up to the maximum?

In the first place, he is as big and strong as any of his laborers, and second, he manages to have a lot of fun and a reasonable amount of exercise every day. The exercise is always at play or with a hobby; so that ought to be credited to the fun account, too. He also finds business a fascinating game, and plunges into it with all the zest some men devote to golf or collecting antiques.



Walter C. Teagle likes a sport that shows a definite result. Here he is with two of them

Charles E. Mitchell's choice of recreation depends on the fun he gets out of it

NATION'S BUSINESS for September, 1931

For instance, he was traveling recently with a group of Standard Oil officials through the most majestic and beautiful parts of the Canadian Rockies. The rest of the party were at the windows enjoying the new and wonderful views.

He pulled down the shades to cut off the appealing scenery that might distract his mind, and concentrated on a mass of reports. Now and then he called an official away from the view to ask him a question, but he never stopped his intense study.

What was the use? He had seen all this part of the world once, and meantime he was absorbing a mass of facts that he needed in his business. But to return to the physical side of him.

He stands six feet two, and weighs 230 pounds in his field togs. He added to his strength by gymnasium work during



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four years at Cornell University, where he managed, though he did not play on, the football team.

During vacations he worked as a laborer in his father's oil refinery at Cleveland.

Experienced from the ground up

WHEN young Teagle was graduated as a Bachelor of Science, in 1899, he told his father he believed he would go back in the fall and teach chemistry.

"Better go to work here," said the elder Teagle, opening a closet. "Here's a suit of overalls your size."

So the lad went to work in the refinery yard, firing a still. After a few months at laboring jobs, he was promoted to drive a truck. He wrestled all day with heavy drums of oil, then cleaned and fed his pair of truck horses. His experience at every kind of labor in an oil plant not only added to his strength but has helped him ever since to understand labor problems.

When Mr. Teagle's business was merged with the Republic Oil Company, in 1901, young Walter qualified as vice president of the company at the age of 23, and two years later the Standard Oil Company took him on its Export Trade Committee. He saw the oil business of the world—and remembered all about it. When he became president of the Standard Oil Company in 1917, he was the youngest man to occupy that position since John D. Rockefeller became its first president, in 1870, at the age of 31.

Every business has its traditions, not only in methods but in the way of living. Walter Teagle was of the third generation in oil. His mother's father was Maurice B. Clark, John D. Rockefeller's first partner. All oil men knew that even in the most strenuous days of the 1870's Mr. Rockefeller kept himself fit by spending three or four afternoons a week out in the fresh air and sunshine, making roads and transplanting trees on his estate in Cleveland; also that during many years since he has fortified himself and added to his joy of living by playing golf all the year round. Many other men found in golf a means of recreation that helped them in their business.

No results in golf

MR. TEAGLE became a golfer in his off hours. He went into the game with the same intense concentration he devotes to everything he does, and in due time he acquired the art of the well timed swing, so that when he leaned all his 230 pounds on a drive the ball flew 300 yards or more—not every time but often enough to hypnotize the average golfer. He was good with the irons, too, and was a respectable putter. He could play a man's size course in the low 90's. He was a member of golf clubs.

But somehow he never felt the fascination of the game. With his placid disposition, he never whooped over a phenomenal shot, nor groaned at a putt that refused to stay down.

"What I can't see in golf," he told his friends as he was laying away his clubs, "is anything like a definite result. You never get anywhere. I like a game that gets somewhere, accomplishes something, like landing a salmon, or bringing down a deer. You get results in those sports."

He parted with golf.

But he found plenty of ways to have fun with a bit of exercise in it. When he had made up his mind to raise chickens he bought the best books he could find on chickens and studied them as if he were going to make his living out of poultry. He planned his own chicken houses, helped build them, and invented a new kind of coop that experts have



President Hoover sets the nation an example of right living with daily exercise and an occasional outing with rod and reel

praised and copied. In his trips after quail and partridge he accumulated several good bird dogs, and he designed kennels and runs for them. He found a good man to care for each outfit.

When he gets home after the day's wrestle with world-wide oil problems he spends an hour or so on the problems of the dogs and chickens. There is not much exercise in it, but there is an absorbing interest that takes the mind completely off business and refreshes it. After dinner, which is simple, he chats and reads a while with his family; then at 8:30 settles down in a sprawly reading chair with the black bag. The black bag is a Teagle institution. He takes it everywhere. In it he carries the reports and records of various branches of the oil business that he wishes to study without interruption. Sometimes these two evening hours are the busiest part of his day. Then he is off to bed and eight hours of unbroken sleep.

Mornings at seven Mr. Teagle strolls out into a wing specially added to his house, where he has a gymnasium and a swimming pool. If he has a friend with him, they warm up for ten or fifteen minutes with a six-pound medicine ball. Ten minutes of this gets heart and lungs going full speed. If he is alone, Mr. Teagle does bending and stretching exercises and a few heaves at the chest weights; then the shower, and a ten-minute splash in the pool. All this is light, brisk

(Continued on page 98)



COURTESY U. S. FOREST SERVICE

A new forest of redwoods is being set out by this planting crew to replace the old

The Tree Farmer Gets a Chance

By W. B. GREELEY

Secretary-Manager, West Coast Lumbermen's Association

● OUR native forests have long played an important part in our national life, and their depletion has been a source of public alarm. Economic forces now at work, however, promise better conservation and renewal of our forests and an assured supply of timber

IN THE discussions of the last 30 years, the question, "What progress are we making in Simon-pure commercial forestry?" has been frequently asked.

Public forestry is established on a major part of the timber-producing lands in federal ownership. It is under way on an increasing proportion of the lands in state and municipal ownership. About one-fifth of all the forest land in the United States is now under some form of stable public administration, and its future is well assured.

Next to public forestry, probably the most definite progress in conserving forest resources has been made on the farm. About one-third of all our forest land is in farm holdings. It is still far from a fully productive use for timber

culture and an immense task still lies ahead in bringing inferior agricultural lands into timber crops.

About 45 per cent of our forest-producing land, some 225 million acres, remains in the hands of lumber and paper companies, railroads, mining interests, and other commercial owners. It is this land which has particularly been brought under the cross fires of forest conservation.

The question is frequently asked, "What are the lumber and its allied wood-using industries doing in reforestation?"

In other words, what place has forestry in American business?

There is no quick or simple answer to this question. It is too closely interlocked with other problems and condi-

tions in the lumber business. Commercial forestry cannot be a matter of sentiment. It must rest upon solid economic ground.

Growing timber as a business is an inseparable part of the economic progress of forest-using industries, their methods of manufacture, and their markets.

It is inseparable, no less, from the degree of community security afforded to plans for the use of land extending over periods of 50 to 75 years. In both respects, a slowly moving economic change is at work. Time and patience will bring forestry into the picture of American business.

Competition with natural forests

THE crucial point is the value of a grown tree as compared with the cost of growing it, and the competition of the grown tree with the tree provided by nature.

Business seeks the cheapest supply of raw material, and vast primeval forests

73 of America's leading business concerns have bought 27,605 Chevrolets



Prominent among the thousands of concerns using fleets of Chevrolets are many of the recognized leaders of American industry. And their growing preference for Chevrolet is shown by this significant fact: 73 of these firms have purchased a total of 27,605 Chevrolet cars and trucks!

If you were to examine the cost records of many of these firms, the reason for this choice would be quickly apparent. These records are based on gas and oil consumption, upkeep and repair expense, and depreciation. And they show, in cold figures, that Chevrolet actually costs less to operate than any similar type of vehicle on the market.

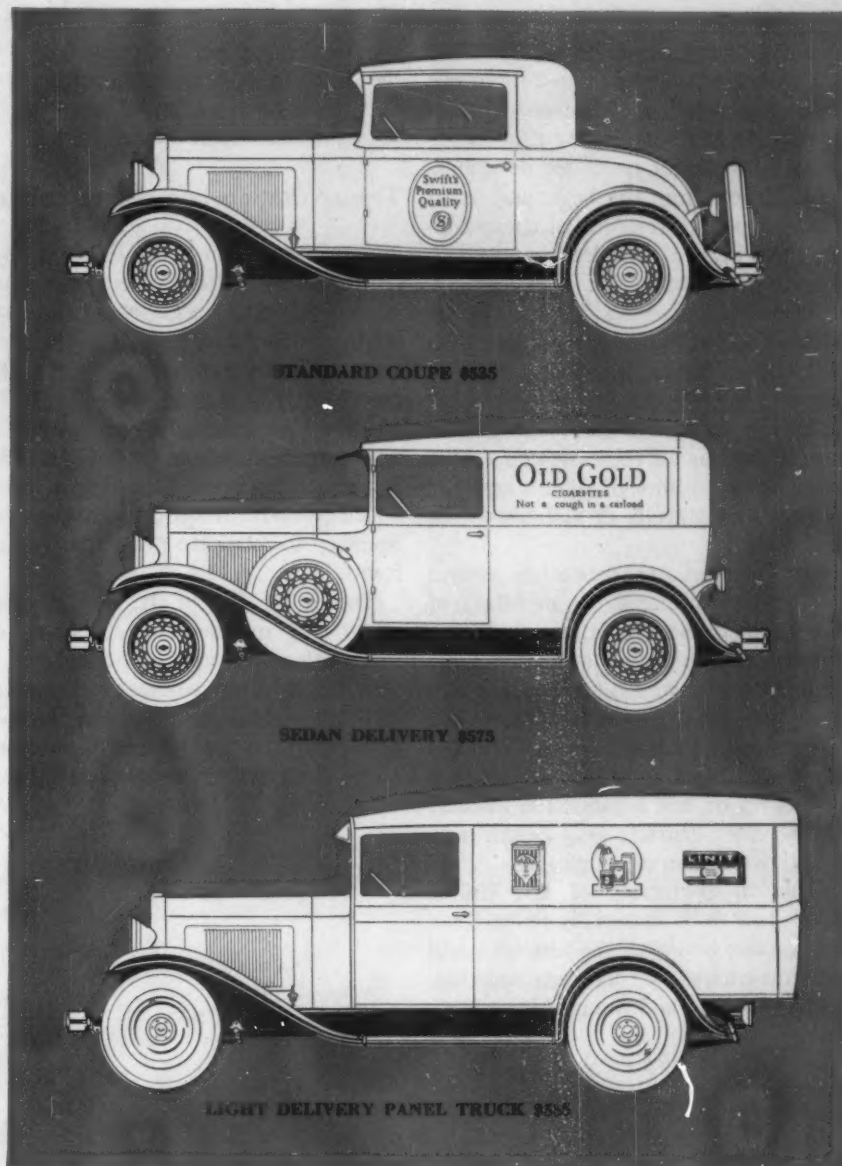
Twenty miles to the gallon is nothing unusual for a Chevrolet Six. Drivers often remark about the low oil con-

sumption and the infrequent need for repairs. And many owners report speedometer readings of 50,000 miles or more on cars that are still giving dependable service.

Naturally, an automobile with such a splendid economy record deserves your thoughtful consideration—whether you contemplate buying a

salesman's car or a truck—a single unit or a fleet. Be sure, therefore, to investigate all that Chevrolet has to offer before you make any investment in low-priced transportation. Such an investigation will prove to you that the Chevrolet Six is indeed the logical buy for business use, because it is more durable and more reliable, as well as more economical.

Chevrolet passenger car prices range from \$475 to \$650. Chevrolet truck chassis are priced from \$355 to \$590. Special equipment extra. All passenger car and truck chassis prices f. o. b. Flint, Mich. All truck body prices f. o. b. Indianapolis, Ind. Chevrolet Motor Company, Detroit, Michigan



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When visiting a CHEVROLET dealer please mention Nation's Business

have supplied timber far more cheaply than forest culture might offer it.

Public-land policies invited rapid private appropriation of the greater part of this virgin resource—even far in advance of economic needs for its utilization. Hence, from the beginning, great border lands, or reserves, of cheap timber have invited fresh locations at new sources of raw material.

There still remain in the Rocky Mountain and Pacific states more than 500 billion feet of standing timber in private ownership.

This is enough to carry the present rate of cutting in these regions for 30 years or more although all of it may not become economically exploitable within that time.

Our efficient transportation system has largely overcome the depletion of our virgin timber. As stumpage in one locality has been exhausted, lumber hauled from sawmills thousands miles away has met the need with practically no jar to the local distribution and use of wood. In fact, each new lumber-producing region has invaded the markets of the older districts long before local forest resources were exhausted.

The virgin timber of the United States had to be materially reduced before timber grown by the forester could attain a competitive footing. Nevertheless, geography and diminishing timber

supply have begun to tell. In the long run, timber values are created mainly by differences in transportation costs between various sources of supply competing in a common market.

Transportation boosts tree culture

NOW 75 per cent of the virgin timber still uncut is in the far western states, while the central and eastern sections consume two-thirds of the lumber. Eastern timber values are reflecting the cost of transportation from the West, where 45 per cent of all our lumber is now manufactured. In gradually widening zones trees are attaining a value which gives the timber crop an economic opening to compete with the virgin forest.

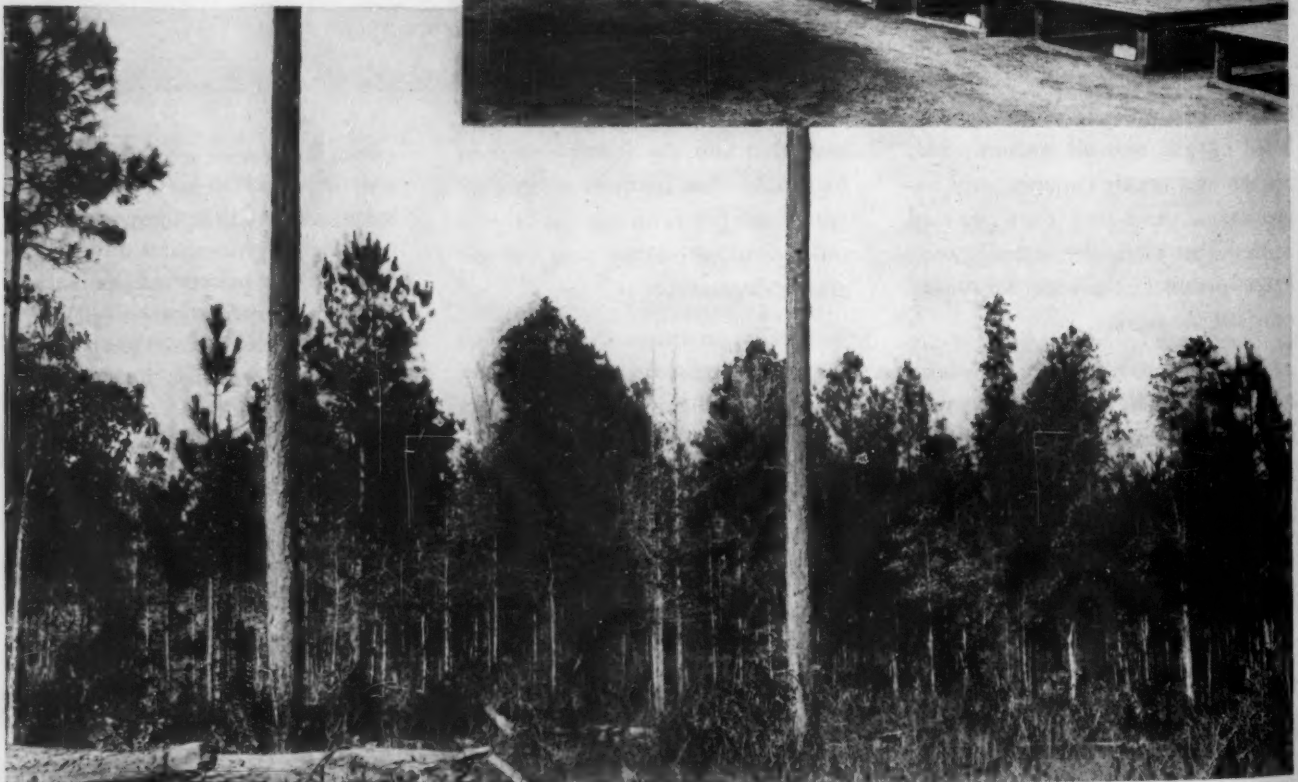
This is the first of the slow changes under way in the economic set-up of forest-using industries. Not only is it stimulating forest culture in the more depleted regions; it is leading lumber and paper companies in the regions where virgin timber is still plentiful and

cheap to foresee the coming need for a new source of supply.

Meanwhile, the lumberman must gauge his forecasts of timber values by the changing conditions in his markets. Since 1909, the total consumption of lumber in the United States has dropped off by one-fifth. The *per capita* consumption has decreased one-third. Competition from other materials has changed the economic status of wood.

This change necessarily reflects back upon the value of the tree. Future returns from standing timber will be less the result of owning a natural resource and more a reward for industrial efficiency in its manufacture and merchandising. Against these returns must be entered the accumulation of carrying charges for invested capital, taxes, and protection over long periods, together with the risks from fire, insects, disease, and storms.

Any business undertaking rests upon the setting up of realizable values. In forest-growing enterprises this is not



Some commercial forest owners are planting from nurseries such as that shown in the inset; others are leaving seed trees as they log, obtaining a vigorous second growth within a few years

PHOTOS BY COURTESY U. S. FOREST SERVICE

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A fact to remember when you buy a used car

THE WORD OF YOUR CADILLAC-LA SALLE DEALER IS AS GOOD AS A GUARANTEE

IT IS a cardinal principle of the Cadillac Motor Car Company to select for its dealers only those men and organizations who hold to the highest ideals of business in their relationships with the public.

This policy of operation, while it protects everyone who does business with a Cadillac-La Salle dealer, is appreciated most, perhaps, by the used car buyer. The dealer from whom he makes his purchase is the used car buyer's only recourse. In case his car does not come up to expectations, the honesty, fairness and integrity of his dealer determines the soundness of his investment.

It is the privilege of the man who buys a used car from a Cadillac-La Salle dealer to *know* that he

has chosen wisely—that he will secure the degree and type of service he was led to expect. For the word of a Cadillac-La Salle dealer is as good as a guarantee—and he stands ready, at all times, to make good on his promise.

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Because of these vital and important advantages, Cadillac-La Salle dealers throughout the nation have become recognized as reputable used car merchants.

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simple. The general trend, as virgin forests are depleted, is toward a level of value for the grown tree that will justify commercial forestry under favorable conditions. But business prudence compels forest owners to be conservative in the forecasts on which investments for 40 years or more must be staked.

Less waste in the tree

ONE of the most powerful aids to commercial forestry is the increasing net value of the tree through closer utilization of all parts of it.

The very abundance and cheapness of our virgin timber encouraged waste. Each forest industry has tended to hew its own path into the woods, cut what it could economically convert into its own products, and discard the balance. Lumbering operations have left large quantities of wood in their slashings and thrown large quantities of sawdust, shavings, edgings, mill ends, and defective or low-grade lumber into their waste burners. The great bulk of this waste could not be utilized for any product that would return the cost of conversion.

This inability to utilize a large proportion of the tree has held down its value and hence has discouraged the growing of trees.

Today, however, there is an increasing use of wood waste through refinement or manufacture or conversion into by-products. Different forest industries are correlating their use of wood, making the waste of one industry serve as raw material for another.

Several wood-fiber products, made from sawmill waste, are now on the market. New processes for converting wood fiber or wood cellulose into various commodities are being tested or commercially developed. The chemical industries are converting wood into lacquers, alcohols, textiles, solvents, and other industrial products. Sawdust and mill-waste are used for fuel.

This industrial trend gives greater value to the tree. It offers opportunity for utilizing smaller timber; hence, for obtaining earlier returns from a timber crop. It is adding to the plant investments dependent upon wood for raw material, thereby creating a greater commercial incentive to extend the operating life of these factories by means of growing forests.

In a word, a broader, more varied, and more permanent business structure is surrounding the saw-

mill. As this structure extends, it will more and more require forestry in its business planning.

Another force at work in reshaping forest industries, particularly the lumber industry, is a sharper recognition of the need for rational control of production. It has become an influence in support of forest conservation. It tends to spread out the use of the existing forests over a longer period and leads into reforestation.

Lumbermen have learned the fallacy of two of their favorite traditions. The first was that the consumption of lumber increases with the number of people in the country. The second was that the road to financial success lies through bigger sawmills and mass production.

The consumption of lumber has declined for 20 years. Its merchandising has become highly competitive with many other materials. But the industry, impelled by its old conceptions and the financial exigencies of timber ownership, has held too closely on the road of mass production. Its manufacturing capacity materially exceeds the volume of lumber which the country absorbs. Lumber markets are frequently weakened by overproduction as a consequence.

Today, while lumbermen are aggres-

sively expanding their markets by trade promotion and advertising, they are also earnestly seeking a rational and stable way to adjust lumber production to demand. Grades and species of timber which swell the volume of production but decrease the volume of profits are coming under closer scrutiny; and the search for better control of his production is taking the lumber manufacturer back into the woods for a fresh study of the raw material at its source. One of its results is the rediscovery of "selective logging" by which the various species and grades of timber are utilized in the order of their current economic value and utility by a series of cuttings instead of a single, clean-sweeping logging operation.

It is a type of logging quite similar to that followed for many years in the national forests. The Forest Service has emphasized the timber cultural features of the plan—to insure a more even distribution of present and future cuttings and reproduction of the more valuable species—beyond what most private forest owners are as yet prepared to do. But the essential principle of timeliness and profit in the utilization of forest areas is the same.

Our forest history shows that the utilization of practically all grades and species of timber becomes profitable in time. But timeless in use, in relation to the markets for forest products, often spells the difference between profit and loss. Forest history has also shown that small trees are usually a greater asset to their owner—growing in the woods—than as logs convertible only into low-grade products. An excess production of low-grade lumber handicaps the industry today.

Limits to logging

AS THE fallacy of unrestrained mass production becomes more apparent, and the lumber industry seeks rational control of its output, the conception of a sustained yield of timber from forest properties will gain weight.

If our commercial forests could all be currently logged only to the extent of their annual regrowth, we would solve at one stroke the problem of overproduction and the problem of a sufficient future supply of wood. This is a reversal of management policies that many forest owners cannot make because of their existing investments and carrying charges, or because the limited supply of timber behind



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Complete utilization of sawmill waste has made this refuse burner obsolete

Fits Every Business

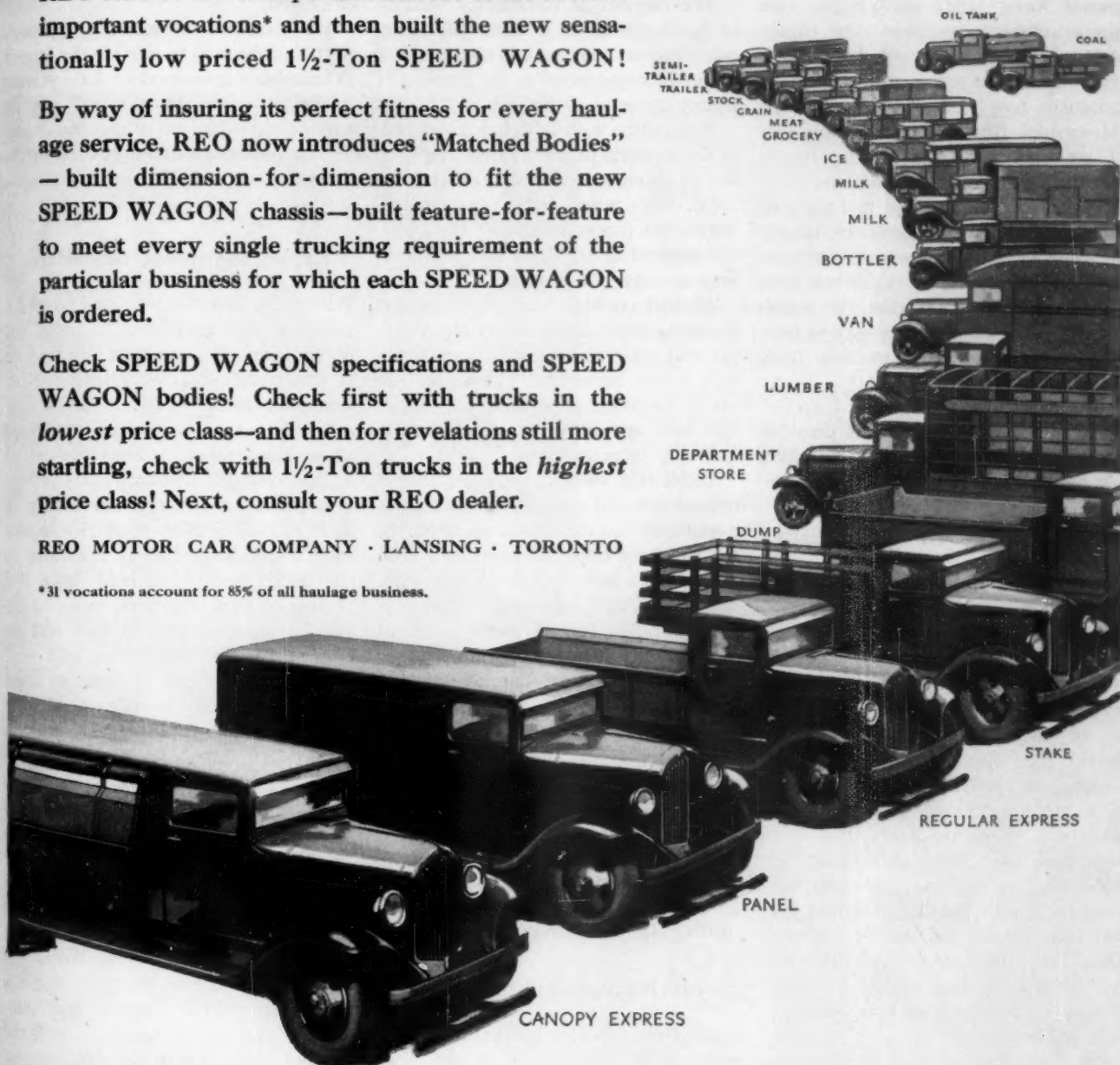
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their mills. Nevertheless, as all of these elements in the picture gradually become clearer, sustained yield will become less an impractical theory and more a principle to be studied, tested, and applied in forest industries.

The extent to which commercially owned forest lands are growing new timber crops today cannot be closely determined. Second-growth timber provides a third or more of all the forest products now harvested east of the Mississippi River. Small quantities of it are even being cut in the Pacific Northwest. In all forest regions there is a deal of young forest and growing timber on old cuttings or burns, largely in response to natural seeding and protection from fire. Surveys of cut-over holdings in the Douglas fir region usually show that from one-half to two-thirds of the land is restocking from nature's seeding.

In most forest regions, however, there are also extensive areas denuded by logging and fire where the prospects for natural reforestation are scant.

Forests are grown commercially

IN ALL parts of the United States commercial forest owners are holding logged or partially cut or second-growth lands for a future crop. Some of them are simply protecting the natural growth from fire. Some are planting the patches where natural seeding fails. Some are leaving seed trees as they log. Many are logging selectively.

A more numerous group of forest owners as yet do not know what to do with their land. They are holding their cut-overs, paying taxes on them, and complying with the fire-protection laws but have no definite plan of reforestation. They are waiting to see the trend in forest-land taxation and timber values, or awaiting an opportunity to sell, or simply holding.

In some forest regions, large areas of cut-overs have been receded to the state or county for failure to pay taxes or are now tax delinquent. This condition represents one of the acute phases of our forestry situation.

In rough outlines, such is the general set-up of forestry in American business. The old order of forest-land use is slowly changing. The old commercial viewpoint toward timber land as a mine, to be worked out and abandoned, is gradually giving way to the conception of timber as a crop.

Although quick, sweeping revolutions in forest-land practices are out of the question, a gradual evolution is under way.

Given adequate community security for such a long-time enterprise as growing timber, the forest-born industries of the United States can be trusted to progress in reforestation as rapidly as economic conditions create a sound footing for it.

The element of community security is fundamental. It is doubtful if any other private enterprise is so dependent on public cooperation as the growing of timber crops.

It has often been said that 75 per cent of the physical problem of reforestation lies in eliminating forest fires. But the forest owner is well-nigh helpless in protecting his property without the vigorous support of the state and people in laws and law enforcement.

Another essential is a proper method of taxing forest lands. Wood crops simply will not stand 50 or 60 annual tax bills before harvesting, unless the bills are so moderate as to be wholly out of line with any principle of equality in assessing property taxes.

Ultimately we will doubtless find it necessary to put all forest taxation upon a yield, or income, basis, applying the tax whenever timber is harvested. That is too long a jump to take at once without seriously upsetting local tax revenues. But several states have enacted workable laws providing for a low and fixed yearly acreage tax on growing forests with a compensating yield tax when timber products are cut.

The general adoption of this principle is necessary to the security which the forest owner rightfully asks when he undertakes the growing of timber. It is necessary, in fact, in a number of states today to protect the state itself and the general taxpayer from the growing evil of tax-delinquent forest land.

Much progress in protection

THE United States has made notable progress in providing community security for commercial forestry; but it still has far to go. The nation-wide scheme of forest protection contemplated by the Clarke-McNary Act of 1924 has made excellent strides. The progress in the forest-protection organizations of many states has been even greater. But serious gaps remain to be filled. Improvement in fire-prevention legislation and enforcement is needed. The adjustment of forest taxation has lagged behind the progress in protection, but every year witnesses constructive legislation by additional states.

The main point is that commercial forestry of any magnitude is impossible without decisive public backing.

The heaviest loss, if commercial forestry fails, falls upon the public through diminished taxes, idle land, and industries abandoned for want of raw material. The most important aspect of the forestry problem is to keep our one-fourth or more of forest soil gainfully employed.

I believe that the soundest approach to this problem is to provide the largest practicable opportunity for private initiative in the business of growing timber, and to encourage continuing private ownership of forest land to the maximum degree. The only alternative is wholesale public ownership.

Expanding public timberland

WITH the best that can be looked for from commercial timber growing, our public forests will undoubtedly have to be materially expanded as time goes on. Economic forces will cull out a considerable area of marginal timberland whose low yield or excessive fire hazard or inaccessibility will not justify permanent private ownership. The county or state or nation must expect to acquire such forest land. But it is clearly to the public interest to hold down this process of land reversion; hence to encourage business men to hold and recrop all the timberland they will.

The most difficult problem in forest conservation today is overproduction.

This situation is particularly acute in the western states. Their uncut timber resources are still extensive. Enormous investments in forest properties have been created. In young, aggressive, rapidly growing communities, timberland taxes have mounted enormously.

The consequences are not limited to the instability and precarious profits of the lumber industry in the West. The competition from its cheap lumber has often demoralized eastern and mid-western markets. It has held back the practice of forestry in the older regions.

From the standpoint of the public, this situation is bad. It is forcing western timber utilization to be extremely wasteful since the manufacturer must at times skim the cream of his timber and abandon much raw material which could be utilized under more stable markets.

In the West, the lumber industry must get on a more stable and prosperous foundation before it will undertake general reforestation. As long as the chief concern of many timber owners is to liquidate and get out, they will have neither the resources nor the incentive to embark on long-time in-

(Continued on page 102)

BLIND MAN'S BLUFF!



The manufacturer who is just gambling on what his competition will do is always on the anxious seat. The best way to eliminate competition is to put yourself beyond it. Not easy, but . . . many manufacturers have done just that through the help of Special Production Machines.

Among others, there is the case of a Connecticut manufacturer of textile equipment. He suddenly saw his business threatened by a competitor who had developed a machine method of manufacturing, to replace hand labor. With his business rapidly declining, he brought his problem to Special Production Machines.

In a short time, we designed and built a machine that enabled him to manufacture a better product, at greater speed and at less cost than his competition. The machine, the process and its patents are exclusively his, and with it all he regained leadership in his field.

Competition is going to be keener than ever in the next few years. Perhaps you can strengthen your position by developing improved methods through the help of Special Production Machines. Write for more complete information . . . Special Production Machines, 67 Newport Ave., Norfolk Downs, Mass.



Special PRODUCTION MACHINES

A Division of PNEUMATIC SCALE CORPORATION, LIMITED
For over forty years, Pneumatic Scale Corp., Ltd., has manufactured automatic labor-saving machinery for many of world's largest producers of merchandise

SPECIAL PRODUCTION MACHINES, NORFOLK DOWNS, MASSACHUSETTS

When writing to SPECIAL PRODUCTION MACHINES please mention Nation's Business

SINCE LAST WE MET

A Business Record July 11 to August 9

JULY

11 • ACCEPTANCE rates down $\frac{1}{8}$ of one per cent to new all time low. Call money sinks to $\frac{3}{4}$ of one per cent.

MAJOR disaster in Canadian prairie wheat feared with reports of 5,000,000 drought-ruined acres.

CUTS in crude output predicted, following sale of 40,000 barrels in East Texas for \$1,000 or $2\frac{1}{4}$ cents a barrel.

PRESIDENT demands that grain operators cease bear tactics.

WHEAT harvest 9,000,000 bushels ahead of 1930, Agriculture Department estimates; corn crop also bountiful.

STEEL bookings drop 141,000 tons. Operations at 38 per cent capacity.

12 • JUNE chain-store sales up sharply over 1930. Greatest advances in 5-and-10 cent field.

BANKRUPTCIES for first six months hit new high record, with 13,839.

I. C. C. values roads at \$21,691,000,000 as basis for rate hearings.

13 • 53,400 GROCERIES now members of co-operatives, Federal Trade Commission finds.

HIGHEST point in U. S. gold stocks reached, with total of \$4,965,000,000.

14 • TEXAS opens special legislative session to avert oil crisis.

KROGER grocery chain earnings up to \$1.25 per share, 11.5 cents more than for all of 1930.

GENERAL TIRE sales up 18 per cent over first six months of last year.

SHOE industry on the way up, President Geuting of National Shoe Retailers says.

15 • PRESIDENT HOOVER names commission to determine method of handling Muscle Shoals. Asks Tennessee and Alabama to do likewise.

A. T. & T. INCOME up 9 per cent in six months.

PRESIDENT GREEN of Labor Federation urges President Hoover to halt wage cuts.

SIAM agrees to reduce production of tin 10,000 tons yearly.

LIFE insurance drops 12.3 per cent in first six months.

16 • REICH crisis upsets exchange markets; pound falls $2\frac{1}{4}$ cents. International Silver Commission urges silver loan to Germany.

IRON AGE places steel operations at 32 per cent.

17 • FLOW of gold to United States apparently checked with \$5,000,000 decline in gold stocks. Two hundred millions in gold entered U. S. in past 60 days.

DROUGHT loan aid sought in South Dakota because of grasshopper ravages.

FORTY SAILINGS in North Atlantic cancelled.

18 • I. C. C. UPHOLDS B. & O. acquisition of Chicago and Alton.

CHINESE boycott of Japanese merchants and goods becoming serious.

19 • COST of living down 6.5 per cent in last six months, Bureau of Labor Statistics finds; index number of wholesale prices down $1\frac{1}{4}$ per cent in June.

20 • FIFTEEN leading New York banks report profits for first six months down 49 per cent from first half of 1930.

CONGOLEUM NAIRN, Inc. announces first dividend in six years.

CYRUS EATON resigns from Sheet and Tube Board; merger talk renewed.

23 • GREAT NORTHERN enters California, fulfilling James J. Hill's dream.

FARM values show drop of \$18,400,000,000 since 1920, census figures show.

24 • NEW YORK CENTRAL denied fare increase by Public Service Commission.

26 • BRITISH gold to extent of \$145,500,000, drained in past two weeks.

MEXICO goes on silver standard. Little change in silver prices expected.

27 • STUDEBAKER profit rises 33.3 per cent over 1930 in second quarter.

28 • STOCK exchange trading at lowest figure since October 29, 1924 on eve of steel meeting.

65,653 FEWER automobiles produced in June than May.

29 • FIRST 71 roads reporting show June drop of 40.4 per cent.

BETHLEHEM STEEL cuts dividend 50 per cent to \$2.

U. S. STEEL cuts wages of capital, reduces wages of management. Stock prices drop.

"DOLLAR oil by August 1 or the state shuts down all wells," says Gov. Murray of Oklahoma.

30 • SIMULTANEOUS cigarette price increases by four leading companies starts antitrust investigation.

31 • BUREAU of Labor Statistics finds payroll totals and employment lower in month ending June 15.

AUGUST

1 JULY OIL output up, making increase for fifth consecutive month.

PRESIDENT suggests Germany buy U. S. wheat and cotton on liberal terms. Reichsbank raises discount rate to 15 per cent, collateral loan rate to 20 per cent.

3 • NEW YORK and Paris extend \$250,000,000 credit to bank of England.

NEW YORK Times stock averages show 3.1 per cent drop in value of shares, compared with April, or shrinkage of \$2,300,000,000.

4 • IMMIGRATION for last fiscal year at 97,139; lowest figure since 1865.

ATLANTIC steamship lines cut passenger rates.

5 • GRAIN prices decline slightly to record lows for wheat, oats and corn. Cotton also sinks.

6 • NINETY per cent of Oklahoma wells shut down as result of Governor Murray's order.

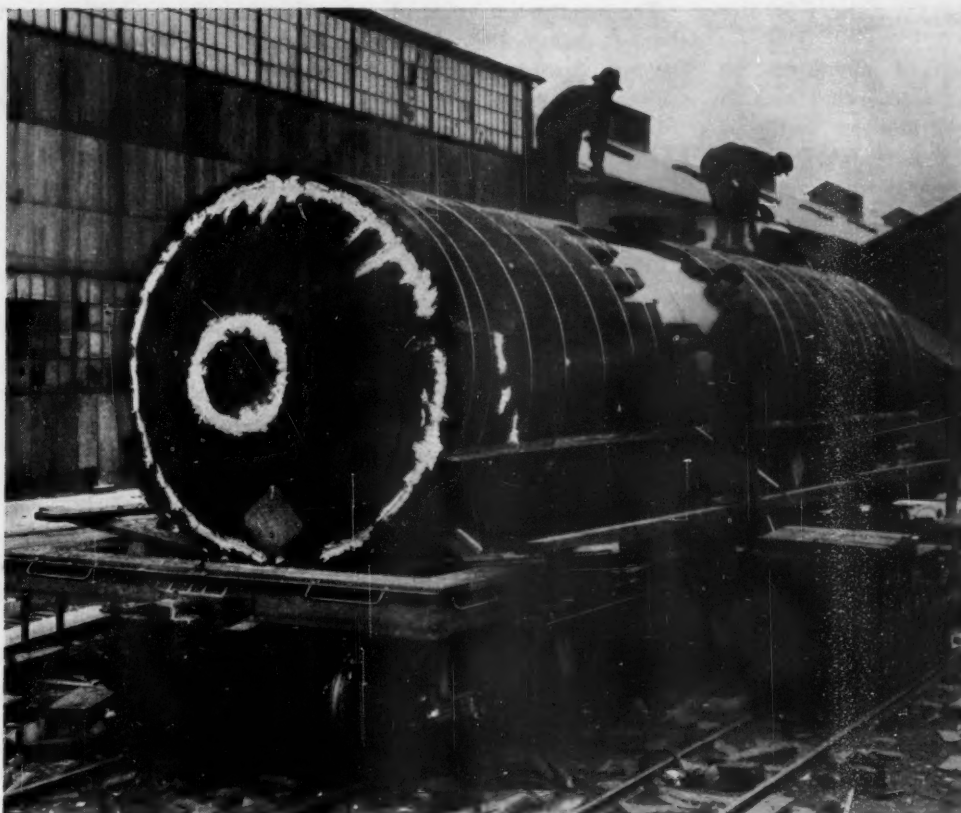
REPORTS from Pittsburgh and West Virginia soft coal operators show added governmental regulation sought.

7 • FARM Board rejects Reich offer to buy its surplus cotton.

FAVORABLE Canadian reports send wheat prices up in brisk trading.

9 • BERLIN offers to buy 600,000 tons of Farm Board wheat.

FEDERAL estimate of cotton crop sends price to \$7.80, lowest in 31 years.



Cork blocks insulate the high-pressure cars used for ammonia

Changing Maps with Tank Cars

By LESTER N. SELIG

President, General American Tank Car Corporation

TWO years ago the shipment of glacial acetic acid for the process that produces rayon was costly and laborious. The acid, made at Niagara Falls and Shawinigan Falls in Quebec, Canada, was shipped almost entirely in barrels. It was necessary to pay freight on those barrels, both coming and going and the expense of loading and unloading was high.

An aluminum tank car was suggested and declared infeasible.

Today, with construction difficulties overcome, more than 60 aluminum tank cars are in service. Not only did they help to make the acetate rayon process economically feasible but they are solving transportation difficulties for several other industries.

With nickel-lined cars for caustic soda, rubber-lined cars for acids and more than 50 other special types to carry approximately 750 different

products, they are helping to change the industrial map of the country.

Tank car has new jobs

OVER a quarter century ago the tank car came into being as a means of transporting gasoline and oil. Hundreds of them are still operating in this field and will continue to do so.

Even the increasing number of pipe lines will leave few of them idle because distribution from metropolitan centers

must still be made by cars and indications are that the volume of gasoline carried in successful pipe lines will be less than the normal future increase in consumption.

But the carrying of oil is only one branch of the job being handled today by the tank car. The tank car has become versatile and back of it stands a research department which offers to produce a railroad freight car for the shipment of any commodity; two producing factories, ten repair plants, and the

★ **DAIRY** farmers are able to operate at great distances from their markets as one result of research carried on in a field that has no relation to the manufacture of fertilizer. This is only one of the examples Mr. Selig lists here of the operation of an X-force that is making itself felt in many industries, and bringing new competition into several

largest terminal in the country for storing bulk liquids.

The production of anhydrous ammonia on a large scale has brought about cheaper nitrates for fertilizers. One of the contributory factors in the development of the anhydrous ammonia industry has been the special high-pressure tank car which made economical transportation possible. With anhydrous ammonia available in large quantities and at a low price, many new uses for ammonia have been discovered. Production of nitric acid without the use of expensive Chilean nitrate has been made possible. Anhydrous ammonia, produced economically and in quantities, is replacing caustic soda and soda ash for many alkali needs.

Economical production

PRODUCTION of industrial alcohol now is centered in a few large plants where it can be most cheaply made and distributed. Large-scale production and lowered prices are stimulating new uses for the alcohol industry; nor is it necessary for the alcohol manufacturing plant to be near the point of consumption. One of these plants is now being established in the southwestern oil fields to produce alcohols using petroleum as base material, with the automobile fac-

The commercial value of converting these gases into alcohol was seen when the manufacturers realized that in the tank car they had the means of distributing the product in large quantities economically. The distance of the alcohol plant from point of consumption also becomes of little consequence owing to the speed with which cargoes may be delivered in lots running into thousands of gallons.

The aluminum car alone is affecting a wide range of industries.

The cellophane wrapper which keeps the fresh flavor in your cigar depends on the aluminum car. When the solvents that go into cellophane are hauled in a steel tank car they arrive contaminated by rust particles which give them a brownish hue. But the aluminum car avoids all this.

For the same reason, alert paint manufacturers who wanted water-white turpentine have come to depend on these cars. Southern turpentine plants could and did distill a water-white product but, until the advent of the aluminum car, it reached the manufacturer discolored by dust and rust from the cars, making expensive reprocessing necessary.

Similarly manufacturers are able to get clear formaldehyde for use in plastics, photographic film, inks and

artificial leathers, while glycerine, hitherto shipped in glass bottles, is now delivered by tank car to manufacturers of cold creams, cosmetics and medicinal compounds.

Some ten years ago three glass-lined tank cars began hauling milk 70 miles to Chicago from the Wieland Dairy Company. Today these glass-lined cars—500 strong—roll every morning into New York, Chicago, Boston, Pittsburgh, New Orleans and Baltimore and a few small communities. Five hundred miles is not an uncommon distance for them to travel.

They are changing the dairy map of the country. Farms are moving farther and farther away from the large cities because it is no longer necessary for the dairyman aiming at metropolitan markets to have his herds and barns on the city's outskirts.

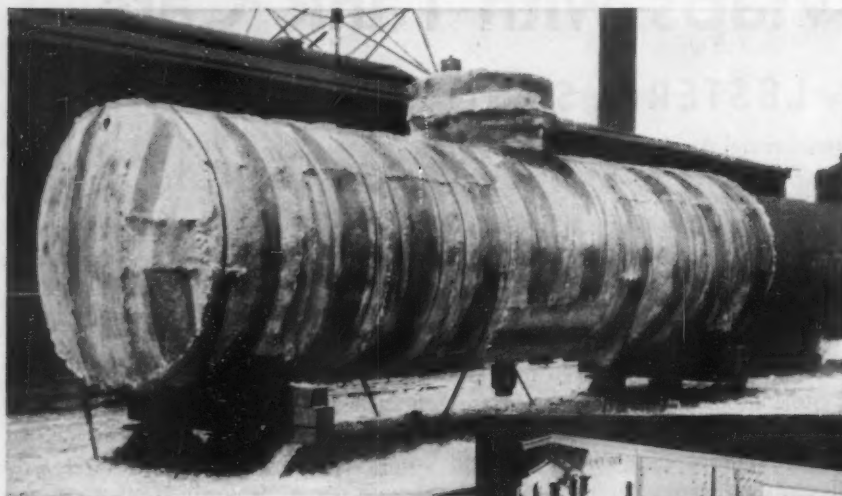
The familiar 40-quart milk can is giving way to 6,000-gallon cars, with the farmer several hundred miles from market on pasture lands better suited to dairying and cheaper than city suburbs.

Milk has been shipped from Milwaukee to Miami, Fla. Your city and mine today are getting milk from long distances via refrigerated cars whose glass tanks are set on a pillow of special construction to absorb shocks and eliminate outer steel shell vibration. The condensed milk compound that contributes to candy bars also travels in these glass-lined cars as does ice cream which has been blended and partly frozen in country districts.

Cars of the same type are modifying the Canadian scene, too, by transporting beer, wine, and other interesting beverages.

Trade commands strange errands, so refrigerated milk cars have been adapted to many special needs.

What the tank car has done for the wide-awake chemical industry in dis-



Mineral wool insulates the car that carries hot asphalt and tar

tories of the Detroit district contemplated the chief outlets.

The principal source of methyl or wood alcohol is no longer a large number of small hardwood distillation plants scattered around the country. This alcohol is produced from the waste gases of carbide furnaces at Niagara Falls, the corn fermentation vats at Peoria, or in the ammonia plant at Belle, W. Va.



These cylinders, made of seamless manganese steel, are economical carriers of helium. The new dirigible, U. S. Akron, will require 30 carloads of helium for initial filling

"STOP"..Flashes the Signal *Inside* the Cab



Modern locomotives employ this latest train control device. Wayside signals are reproduced *inside* the cab on a panel of colored lights.

"OVERSTOCKED"..Flashes KARDEX

where you can't miss it



Hurting through space . . . a mile a minute . . . comes a trans-continental express. Yet the engineer needn't glance out of the cab. Inside the cab, the track signals flash in front of his nose. He can't miss them.

Business men once had to peer far down the tracks to read stock conditions. Business once had to wait for periodic reports to be compiled before knowing inventories, requirements, etc.

Then Kardex came.

Kardex has changed Stock Control from a guessing game to an automatic signal system. It has made understocking and overstocking equally preventable. It is conserving capital . . . increasing turnover . . . reducing clerical overhead . . . improving service to customers.

The Remington Rand man will show you how economically Kardex can be adapted to fit your requirements and your present business equipment. Mail the coupon. It will bring you a book containing complete details.

KARDEX DIVISION

Remington Rand

BUSINESS SERVICE

EXECUTIVE OFFICES, BUFFALO, N. Y. . . SALES OFFICES IN ALL PRINCIPAL CITIES

REMINGTON RAND BUSINESS SERVICE, Buffalo, N. Y.

Gentlemen: Send me, without charge, the book on Kardex checked below—

☐ "Let's Take Stock" (for Manufacturers)
☐ "Straight to the Heart of Stock Control" (for Wholesalers)

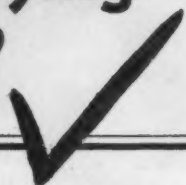
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Title _____

Company _____

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What Is Worrying You?



- ☐ How to reduce distribution costs and make more profit.
- ☐ How to maintain closer sales contacts without establishing branch houses and increasing overhead expense.
- ☐ How to meet competition which gives price concessions and offers better, quicker delivery of merchandise.

TO MAKE MONEY these days, manufacturers must successfully maintain closer contacts with their retail trade. Dealers everywhere have been forced to hold store stocks to a minimum, relying on prompt delivery from the manufacturer's organization to supply needed goods. If the manufacturer can't deliver . . . the business goes to a competitor.

The manufacturers who are most successfully weathering the depression are those who distribute their goods efficiently and economically through public merchandise warehouses. They give their trade immediate delivery from strategically placed spot stocks. Their costs are kept in line with their volume of business: when sales are off, costs drop.

Yet these manufacturers have no problems of maintaining a branch house system . . . of cutting down the force, reducing wages. They pay on a "piece work" basis for the storage and delivery of their merchandise. It costs a great deal less than distribution through branch houses—and it eliminates the risk of branch house operations.

✓ WRITE FOR FREE BOOK
Full details of the AWA Plan of Distribution are described in our 32-page booklet: "Increasing Your Sales through the Use of AWA Warehouses". Have your secretary write today for your copy.



**AMERICAN
WAREHOUSEMEN'S
ASSOCIATION**

1924 Adams-Franklin Bldg., Chicago, Ill.

When writing please mention Nation's Business

tributing materials and consequently in the gaining of new outlets makes up a truly striking list.

Ethyl fluid for ethyl gasoline, a few years ago, was carried in quart cans. Now a 6,000-gallon car is likely to prove too small to haul to the growing market.

Until our company undertook, last year, to produce a tank car lined with nickel, the welding of tank-car size sheets of nickel on steel had never been attempted. Their value, of course, is that they can transport chemicals such as caustic soda without danger of contamination from steel rust which gave the contents a brownish color. To one rayon manufacturer alone the saving on 50,000 tons a year in shipping liquid caustic soda in nickel-lined tank cars instead of in barrels represents \$400,000.

Butane—formerly a waste product of the petroleum refining industry—is delivered in 10,000-gallon lots in special cars resulting from modern research, bringing gas to industrial consumers at 37 cents per thousand cubic feet in districts where city gas companies rarely have been able to sell manufactured gas even to their largest customers for that price. And approximately 1,300,000 households beyond reach of gas mains now can use propane, another waste product, to advantage for cooking because, compressed as liquid, it can be

carried and distributed by 12,000-gallon tank cars.

Helium, the magic gas of the airship industry, once shipped in cylinders from Amarillo, Texas, to Lakehurst, N. J., at a cost of \$20.79 per thousand cubic feet, now reaches the Lakehurst hangars at freight charges of \$3.14 per thousand cubic feet because the tank car builder developed a car to carry it. A car carries 230,000 cubic feet of helium, thereby effecting a saving amounting to \$4,059 on each trip. This efficiently designed car costs approximately \$60,000 and pays for itself in 15 trips.

A car for every purpose

FROM small industries to the largest, freight car transportation has been making itself an increasingly important factor. The Frigidaire Corporation, developing a new nontoxic refrigerant in its laboratories, has announced publicly that dichlorodifluoro methane, a new product, will make mine refrigeration possible, thus improving working conditions in deep mines which hitherto could not be cooled because available refrigerants were poisonous. The base of this new product, hydrofluoric acid, dissolves and corrodes glass. Yet the first shipment of this acid went forward in December in special tank cars.

An Experiment in Business Training

A PLAN designed to qualify technically trained men of exceptional ability for early advancement to high administrative positions has been launched at Massachusetts Institute of Technology. Sponsored by six industrial and business leaders, this experiment in education for business leadership is made possible by the establishment of six \$1,500 fellowships in the department of business and engineering administration.

Sponsors of the plan, who will also be the mentors of the six men holding the fellowships, are Lamot du Pont, president of E. I. du Pont de Nemours and Company; Alfred P. Sloan, Jr., president of General Motors Corporation; John R. Macomber, chairman of the board of Harris, Forbes and Company; Francis W. Fabyan, Boston merchant; Charles A. Stone, chairman of the board of Stone and Webster, Inc., and Charles Hayden, senior partner of Hayden, Stone and Company.

Through the fellowships a small group of carefully selected young men will be given opportunities to develop

their natural business abilities through special professional training. This group will live together under the supervision of a faculty member, will be in constant contact with business and industrial leaders, and will conduct special researches into current problems faced by cooperating administrators.

A summer session and a subsequent year of graduate work in a selected field of business administration will lead to the degree of master of science in business administration.

Six men have been appointed to the first fellowships, following a careful analysis of the records of the Institute's 3,500 graduates. The Lamot du Pont Fellowship was awarded to Amerst E. Huson, Manchester, N. H.; the Fabyan Fellowship to Henry W. Jones, Bethayers, Pa.; the Hayden Fellowship to Horace S. Ford, Jr., Brookline, Mass.; the Macomber Fellowship to Jesse L. Maury, Neihart, Mont.; the Sloan Fellowship to John C. Leslie, Coral Gables, Fla., and the Stone Fellowship to Wilfred F. Howard, Nutley, N. J.

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The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



WHOLESALE and retail trade and heavy industries marked time during July as the country sweltered under the twin attacks of heat and humidity. Collections, however, evidenced some improvement

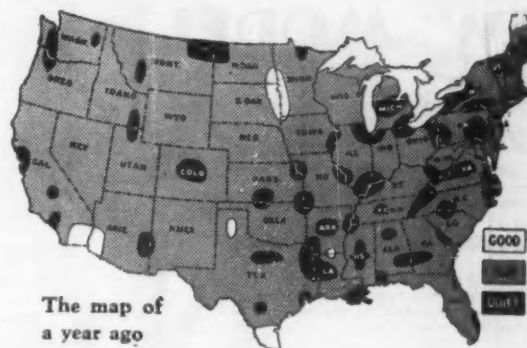
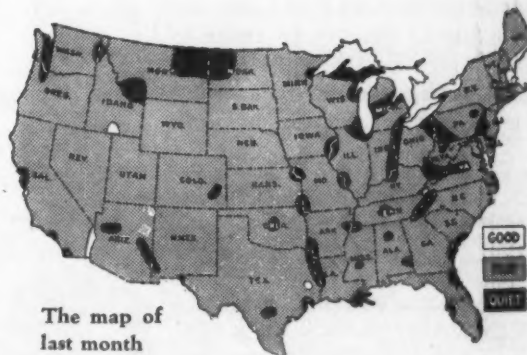
JULY, historically a month of varied movements, lived up to its reputation this year and its characteristics carried over into early August.

Abroad and at home financial, commercial and industrial problems all pressed for prompt action. While negotiations for a year's moratorium in connection with Germany's war reparations reached a fairly satisfactory conclusion, they seemed to drag and with the cooling of popular anticipations they developed a feeling of disappointment at the results achieved.

As the early optimistic feeling seemed to fray out a little, prices of some agricultural products moved to the lowest in men's memories. Action on dividends by prominent industries and second-quarter reports of profits lacked stimulating effect, and stock and commodity markets, as a whole, drifted lower.

With hot weather a real factor, wholesale and retail trade activities fell below those of June and of July a year ago as did industry in most lines, except for light summer wear offered at low prices.

Efforts to reduce costs of operation and production induced a sharper scrutiny of labor costs. There was much talk against wage reductions. These, however, went on apparently



Cereal prospects, though dampened a trifle, are much better than they were a year ago. Cereal prices, however, have gone to new low levels



THE
MOST IMPORTANT
EQUIPMENT IN ANY
PLACE OF BUSINESS

All the value of a business, much of its value as a going concern, depends for the certainty of its safeguard upon the Watchman's System. It, alone, tells that the watchman was on the job, watching the plant.

Detex Watchman's Systems now offer new values in durability, adaptability, continuity of service, and freedom from repair, built into the Detex New Model Watchman's Clocks. Long the leaders—80,000 now in use—these models have been improved and strengthened to make them even more serviceable to industry, to assure to even greater extent that their records will be unalterable and indisputable evidence of the guarding of the plant.

Send for complete information

DETEX WATCHCLOCK CORPORATION

4153 Ravenswood Avenue, Chicago, Ill.
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NB-9

unchecked. Collections seemed to improve further. Crop prospects, which undoubtedly faded a little as a whole and very badly in the Northwest, still appeared much better than a year ago. The same could hardly be said of prices of farm products which, in the cases of cereals, made new low levels, despite a rather curiously successful squeeze of a short interest in July corn which caused the cash article to sell 20 cents above wheat for a time.

Heat and moisture evoked marked insect activity and the grasshopper plague in parts of Nebraska, the Dakotas and Iowa led to declaration of war to save endangered crops. Some remarkable stories of the ravages of this insect recalled the descriptions of its 1866 and 1874 visitations. A notable confirmation of the views of some

scientists as to the possible danger to humanity from insect propagation was had in species of "shot-gun quarantines" against the corn borer and the Japanese beetle, these more especially in eastern states where roads were picketed and search-and-seizure tactics adopted.

Some of the outstanding happenings of the period included a renewed easing of security markets; additional sporadic suspensions of banks, of which the first half of the year saw a record number; the cutting of dividends by industrial concerns, notably United States Steel, and the sagging of grain prices already alluded to. New winter wheat fell 35 cents a bushel, or 45 per cent, from middle June to the same period of July. After a renewed rally, still lower levels were touched in early August, prices

BUSINESS INDICATORS

Latest Month of 1931 and the Same Month of 1930 and 1929
Compared with the Same Month of 1928.

	Latest Month Available	Same Month 1928=100%		
		1931	1930	1929
Production and Mill Consumption				
Pig Iron.....	July	48	86	123
Steel Ingots.....	July	47	74	123
Copper—Mine (U. S.).....	June	61	77	112
Zinc—Primary.....	July	42	79	107
Coal—Bituminous.....	July*	77	91	106
Petroleum.....	July*	102	102	121
Electrical Energy.....	June	107	113	113
Cotton Consumption.....	June	87	81	117
Automobiles.....	July	51	65	122
Rubber Tires.....	June	83	78	107
Cement—Portland.....	June	81	99	96
Construction				
Contracts Awarded—37 States—Dollar Values.....	July	47	61	107
Contracts Awarded—37 States—Square Feet.....	July	38	52	88
Labor				
Factory Employment (U. S.) F.R.B.....	June	78	92	105
Factory Pay Roll (U. S.) F.R.B.....	June	67	90	108
Wages—Per Capita (N. Y.).....	June	89	98	102
Transportation				
Freight Car Loadings.....	July*	74	90	105
Gross Operating Revenues.....	June	73	88	106
Net Operating Income.....	June	58	80	123
Trade—Domestic				
Bank Debts—New York City.....	July*	62	84	140
Bank Debts—Outside..... (X)	July*	80	96	117
Business Failures—Number.....	July	115	118	102
Business Failures—Liabilities.....	July	206	135	110
Department Store Sales—F.R.B.....	July	81	89	99
Five and Ten Cent Store Sales—4 Chains.....	July	103	103	110
Mail Order House Sales—2 Houses.....	July	108	117	132
Trade—Foreign				
Exports.....	June	48	76	101
Imports.....	June	55	79	111
Finance				
Stock Prices—30 Industrials.....	July	68	110	163
Stock Prices—20 Railroads.....	July	58	96	126
Number of Shares Traded.....	July	81	119	224
Bond Prices—40 Bonds.....	July	99	99	97
Value of Bonds Sold.....	July	109	93	143
New Corporate Capital Issues—Domestic.....	July	29	114	142
Interest Rates—Commercial Paper, 4-6 Months.....	July	38	62	117
Wholesale Prices				
U. S. Bureau of Labor Statistics.....	June	72	89	99
Bradstreet's.....	July	67	79	96
Fisher's.....	July	70	84	99
Retail Purchasing Power, 1923=100%				
		June 1931	June 1930	
Purchasing Power of the Retail Dollar.....		116	104	
Purchasing Power of the Clothing Dollar.....		125	108	
Purchasing Power of the Food Dollar.....		123	99	
Purchasing Power of the Rent Dollar.....		121	111	

* Preliminary

X Excludes Boston, Cleveland, Chicago, Los Angeles, Phila., Detroit, San Fran., and New York.

When writing please mention Nation's Business

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ADVANCED  REFRIGERATION

NOW READY

NEW FRIGIDAIRE WATER COOLERS

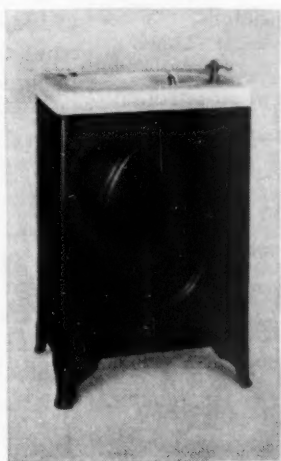
The new Frigidaire Water Cooler . . . radically improved . . . sets entirely new standards of convenience, service and beauty. All models are compact, taking but little floor space, and are beautifully designed along smart, modern lines. The color finish is a special bronze blend that has the ability to harmonize perfectly with its surroundings and with other colors. ● Any model can be placed wherever it will be most convenient, for it can be attached to any handy electric outlet. ● The refinements of construction are numerous.

The water is sealed everywhere against dust, and every portion of the cabinet that comes into contact with water is rust proof.

The water reservoir is plated

★ ★ ★

This large capacity Frigidaire Pressure-Type Water Cooler cools from six to twelve gallons of water an hour. It is designed for use in stores, large offices, factories, etc. Where coolers of still larger capacities are required, Frigidaire Tank-Type Coolers are recommended.



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with silver . . . durable and sanitary. The one-hand faucet is an exclusive Frigidaire feature . . . operated just by the touch of a finger. ● It is important to note that these new models are provided with an automatic thermostat control. No attention whatever is required even in the hottest weather. Furthermore, the extra power of the famous Frigidaire mechanism is regulated to provide always a surplus of pre-cooled water sufficient for extra demands. ● But why not see all these and other impor-

tant new features for yourself? Call at the nearest display room and ask for a complete demonstration. Frigidaire Corporation, Subsidiary of General Motors Corporation, Dayton, Ohio.

★ ★ ★

This Frigidaire Water Cooler cools bottled water. Models of similar design cool city water, and are equipped either with faucets, glass fillers or bubblers, as desired. Some models have a special refrigerated compartment for sandwiches and beverages, and are fitted with a private lock.



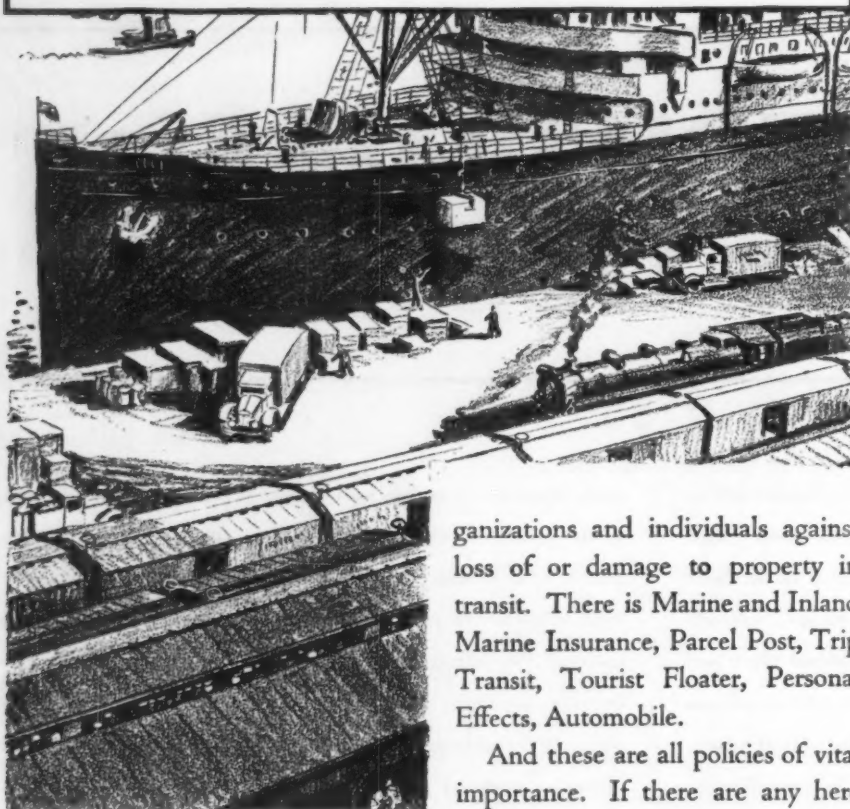
FRIGIDAIRE

WATER COOLERS

EQUIPPED WITH A REFRIGERATING UNIT
THAT CARRIES A THREE YEAR GUARANTEE

When writing to FRIGIDAIRE CORPORATION please mention Nation's Business

Protect your property when it's on the move



SMALL packages sent by Parcel Post... cargoes that fill an entire ship... household furniture in moving vans... full train loads of merchandise... a weekend suitcase...

Every time your property moves by land, or sea, or air it encounters new hazards. Whether it be personal effects or merchandise—raw materials or finished products—it should be fully covered by insurance, when "it's on the move."

The Agricultural, in addition to its many other property coverages, offers a wide assortment of policies to protect both industrial or-

ganizations and individuals against loss of or damage to property in transit. There is Marine and Inland Marine Insurance, Parcel Post, Trip Transit, Tourist Floater, Personal Effects, Automobile.

And these are all policies of vital importance. If there are any here listed with which you are not fully familiar it will be well worth your time to get complete details.

* * *

With its representatives in all important centers here and abroad, the Agricultural presents more than twenty different property coverages. One of these representatives is near you—a specialist in his field. If you have any question on property insurance he will be glad to discuss it, of course without obligation. Please call him, or write us for his name.

Agricultural
Insurance Company,
of Watertown, N.Y.

THESE AGRICULTURAL POLICIES ARE AVAILABLE TO ALL PURCHASERS
Fire • Parcel Post • Automobile • Marine • Use and Occupancy • Rent and Leasehold • Windstorm • Floater
Aircraft Damage • Sprinkler Leakage • Earthquake • Explosion and Riot • and other property coverages

When writing to AGRICULTURAL INSURANCE COMPANY please mention Nation's Business

falling below 1894 and 1895 levels at most markets, with reports of fabulously low prices on farms.

New low levels for many years were also recorded for cotton, crude rubber and copper and some other raw materials. The general price index numbers, however, were supported by better prices for live stock, provisions, leather and hides, the latter two reflecting marked activity in manufacture of shoes at nearly all centers.

Woolen goods also made a good showing as compared with a year ago and mills were active. Cotton mills were busier than a year ago. Deliveries of raw silk to mills showed continued enlargement despite strike troubles. In silk, overproduction and unprofitable prices were cited as an offset to the statistics showing increases in takings of raw material by manufacturers.

Iron activity is low

IN THE iron and steel industries, after a decline in output to 30 per cent of capacity, a short-lived fractional gain to 32 per cent seemed to fade in early August. July pig-iron output was the smallest in a decade. In the automobile trade such activity as ruled seemed confined to the smaller or lower-priced makes. Indeed, demand for structural steel for public works seemed to show the most resiliency in the industry.

All in all, most activity in production or sale seemed to center in the lighter trades, with heavy industries marking time in a season of more than mid-summer quiet.

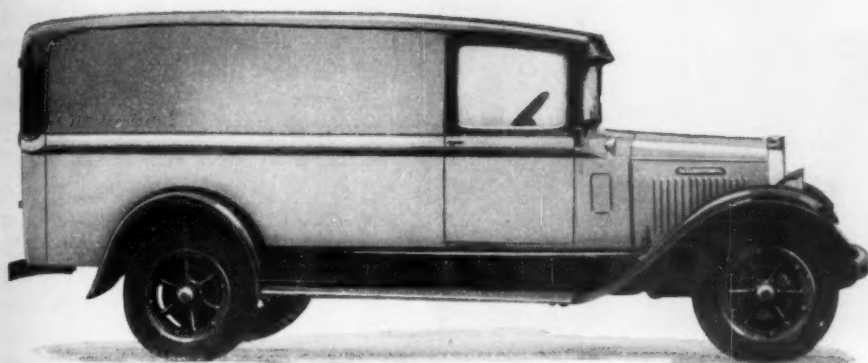
A statement issued by a club of Chicago grain and crop experts, which noted that the surplus wheat production had risen rapidly in the past decade, gave as a leading cause the continuance of wartime planting, then a patriotic duty, into years when Russia returned to wheat production and shipment.

Another cause was cited, however, that of state control, price-fixing and marketing. This powerfully affected operations of the past year, when the estimated world surplus rose to 600 million bushels.

It seems from recent crop estimates and figures of old supplies that the United States has contributed its full share to the surplus. Counting current estimates of yield this year, which include the smallest spring wheat crop for 30 years, and adding old supplies, a total supply of 1,137,000,000 bushels now faces the American farmer as compared with 1,087,000,000 bushels last year and 995 million bushels two years ago. That is, we have 50 million bushels

International Quality Trucks

—in the low price range!



New Model A-2, a 1 1/2-ton 4-speed International. The price of the 136-inch wheel-base chassis with standard equipment is

\$675

f. o. b. factory

IN the building of high-grade motor trucks, International Harvester has advanced by what may well be called "leaps and bounds." Today this Company ranks high among the leaders in truck manufacture, making both speed and heavy-duty models for all hauling requirements. Three-fourths of the huge annual output of International Trucks is sold to industry and commerce, one-fourth to agriculture.

International Truck success is based on true quality, demonstrated economy and lasting satisfaction—and on SERVICE.

The largest Company-owned truck service organization in the world stands back of International Truck operation. Branches at 183 points in the United States and Canada, supplemented by thousands of dealers, provide a service that is of extreme value to the International owner. Whether

he is in Syracuse or San Diego, in Seattle or Savannah, the same complete stocks, the same modern equipment for repairs and overhauling, the same expert attention at lowest costs are at his service at a neighboring International branch.

TODAY'S official new-truck registration figures indicate that International is increasing its leadership in truck manufacture and sales during 1931—growing tribute to these trucks and this service.

The full line of modern International trucks, of handsome design, and with absolutely no sacrifice in quality, is now available with a low schedule of prices made possible by quantity production.

Ask for a demonstration of the 1 1/2-ton Model A-2 featured above, or any other International. Sizes range from 3/4-ton to 5-ton.

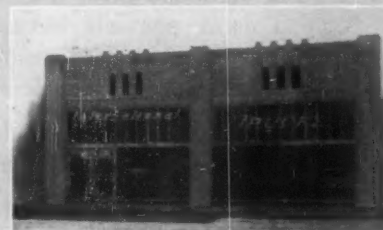
INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA
(INCORPORATED) Chicago, Illinois

BALTIMORE or BAKERSFIELD

International branches are established to stay. We may relocate to better the service, but we have never abandoned a territory. A view of the interior of one factory-standard service branch, in small town or large, is a view into them all—183 Company-owned International branches. And in-between are hundreds of International Truck dealers, with service ideals patterned after our own. The object of them all is to keep Internationals on the job at low cost—to keep International owners content with their trucks.



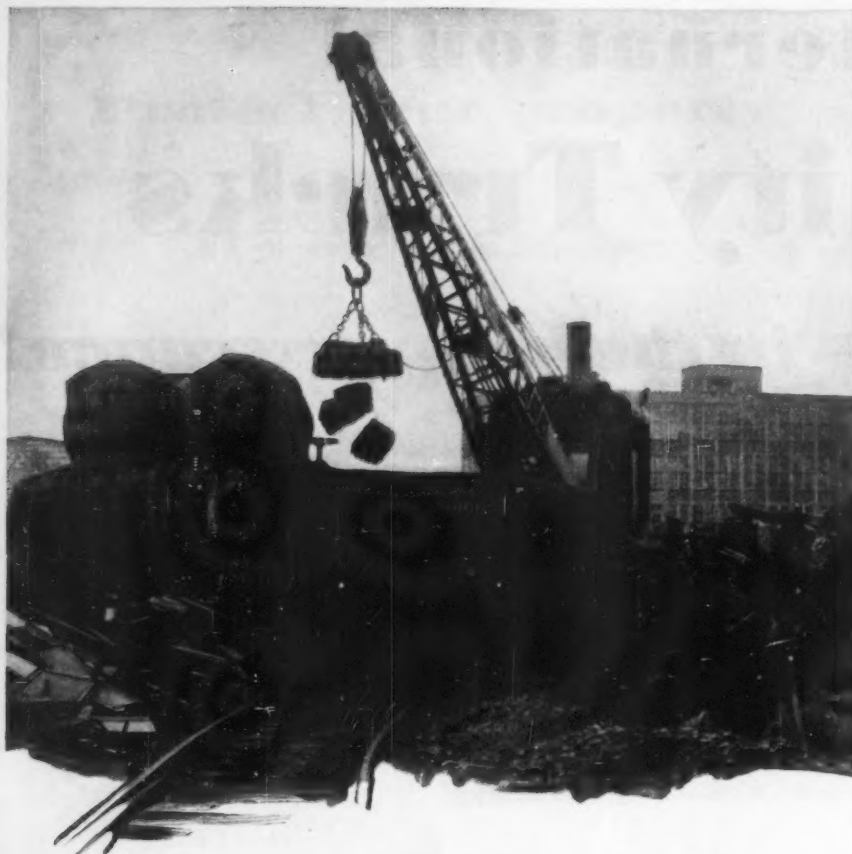
The International Branch at Baltimore, Md.



The International Dealer (A. H. Karpe) at Bakersfield, Calif.

INTERNATIONAL TRUCKS

When visiting an INTERNATIONAL TRUCK dealer please mention Nation's Business



A Crane Does Many Things to Increase Sales

These days when you have to dig deep to show profitable results we are sometimes asked, "What can your crane do to increase our sales?" The answer is—an Industrial Brownhoist will help in many ways, a fact which is easily explained.

Products which sell today are being built better, yet at lower cost and that is where Industrial Brownhoist locomotive and crawler cranes are of real value. These versatile handlers of materials are busy all along the production line from the time the material is unloaded until the finished product is on its way. This is possible because an Industrial Brownhoist travels anywhere quickly and will handle all kinds of materials economically.

Perhaps you do not know the many kinds of work a crane will do for you. Our nearby representative can tell you in a few minutes and also help you on the production end of your sales problem by advising the right crane for your shop or yard work. Why not call him in for a conference today?

Industrial Brownhoist Corporation, General Offices, Cleveland, Ohio
District Offices: New York, Philadelphia, Pittsburgh, Detroit, Chicago, San Francisco, New Orleans

INDUSTRIAL BROWNHOIST

When writing to INDUSTRIAL BROWNHOIST CORPORATION please mention Nation's Business

more in sight or on hand than last year and 142 million bushels more than two years ago. As Canada has less wheat than one or two years ago (its spring wheat crop has withered) this country is the "holder of the bag" for the continent. The North American supply, however, while 130 million bushels less than last year, is still beyond needs from a domestic standpoint.

More workers are striking

STRIKES have multiplied. They are traditionally numerous in hot weather and accounts thereof fill a good deal of space in the newspapers. Coal miners were out in western Pennsylvania, southeastern Ohio and parts of West Virginia. In Colorado lower wages were announced by large coal companies. A number of woolen-mill strikes against reductions began and failed in July or in early August in New England. In the third week of July a strike began of silk workers in Paterson which grew until 5,000 were reported idle; this strike was for an eight-hour day, a five-day week and higher wages. A clothing strike of 30,000 workers in New York City against sweat-shop conditions lasted only a day or so when a new contract was agreed upon. There were also some strikes in New England shoe factories. Despite all these troubles the industrial sky, from a strike standpoint, is clearer than has ever been known in a time of similar depression.

The really encouraging feature of the Price Index showing is that there have been three small advances in seven months, and while the Index is not as high as in the early part of the year there has been a disposition to steady up in prices as a whole in recent months. Compared with a year ago the decrease is 16 per cent and the average for the year to date makes this year so far the lowest in the Price Index since 1914. Indeed the August 1, 1931, Index is only one per cent above the index number on August 1, 1914.

Measures of July and seven-months movements reveal decreases of 25.9 per cent in July bank clearings from a year ago and of 42 per cent from two years ago, with the country outside New York contributing a 24.4 per cent falling off from last year. Bank debits fell 25 per cent from July, 1930, and outside of New York they fell 21.3 per cent. For the seven months the decline in clearings from last year was 22.9 per cent and in debits 26.8 per cent. The smallest decreases in clearings for July were in New England, the Pacific Coast and the South.

Burroughs



Burroughs Typewriter Accounting Machine

CALCULATES AND PRINTS RESULTS . . . TYPEWRITES COMPLETE DESCRIPTIONS

example—it multiplies directly, adds and subtracts and prints the result of its own calculations—it accumulates and prints totals—and it posts several related records at one time, with complete typewritten descriptions if desired. Since many of its operations are performed automatically, it is fast, easy to operate and greatly increases the production of neat, accurate and timely records.

Ask to see it demonstrated on any work you have that requires calculating and recording—especially on time tickets, billing, inventory, cost work, stores' records, pro-rating, tax bills and similar jobs. Call the local Burroughs office, or, if you prefer, write for complete information.

BURROUGHS ADDING MACHINE CO., 6229 SECOND BLVD., DETROIT, MICH.

When phoning your local BURROUGHS office please mention Nation's Business

Develop Technique

TECHNIQUE is that skilled and refined procedure which harmonizes mind with method and motion. Business that has it, individuals that have it—accomplish more, and do better work with less effort, less time and less waste.

Just as much depends on technique in business as in art or sport. Not long ago Business shied at using a term, or a practice, which had anything to do with Art, or even Sport. Not so now. Modern Accountancy has shown not only that business management *is an art*, but that its greater success comes with the application of exactly the same factors which produce great Art, and make Sport so universal and so interesting.

In the control of your business, in the method or system of your management, in the endless operations of all material functions—*develop technique*.

Ernst & Ernst have endeavored to set forth much of the *technique* of management in "Budget Control," a 40-page booklet which will be mailed by nearest office on request.

ERNST & ERNST

ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

AKRON	DALLAS	HOUSTON	NEW ORLEANS	ST. PAUL
ATLANTA	DAVENPORT	INDIANAPOLIS	NEW YORK	SAN ANTONIO
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BOSTON	DETROIT	KANSAS CITY	PITTSBURGH	TAMPA
BUFFALO	ERIE	LOS ANGELES	PORTLAND, ME.	TOLEDO
CANTON	FORT WAYNE	LOUISVILLE	PROVIDENCE	TULSA
CHICAGO	FORT WORTH	MEMPHIS	READING	WASHINGTON
CINCINNATI	GRAND RAPIDS	MIAMI	RICHMOND	WHEELING
CLEVELAND	HARTFORD	MILWAUKEE	ROCHESTER	WINSTON-SALEM
COLUMBUS	HUNTINGTON, W.VA.	MINNEAPOLIS	ST. LOUIS	YOUNGSTOWN

POWER

competing with world prices

Beauharnois offers abundant cheap power from a 2,000,000 h.p. site, plentiful labor, a rich domestic market, world-wide Empire markets, deep water and inland water transportation facilities. Your Canadian plant will prosper here.

Write today for Booklet B6

BEAUHARNOIS POWER CORPORATION LIMITED

Montreal

Canada



How to Give Your Town Factory Appeal

(Continued from page 22)

site in a small town on the theory that outside interference in a great city is impersonal and unintelligent, but that in a town the element of neighborliness would prevent the catastrophe which he has just suffered.

Plans for financing

THE small town which is in the market for new industries must be prepared to aid them in financing.

Wall Street can handle propositions of a million and a half upward, but it will not touch a \$150,000 proposition. It costs as much to make a survey of the little business as of the great business and sometimes more. Small town bankers are almost invariably generous to the limit of their ability but, after all, they have a limit.

Half a dozen plans for financing incoming enterprises are being tried out. Three outstanding plans are the Baltimore Plan, the Easton Plan and the Louisville Plan, but there are several others. They are alike in essentials.

The business element of the town must take some part of the monetary responsibility.

An enterprise that is able to show a profit over a term of years can usually get the money needed. But a wholly new enterprise, no matter how well vouched for, is at a disadvantage. I have in mind one new process which has been approved by the best engineering talent of Europe and America. If the process fails then all the experts have been wrong. But merely because that process has not been placed in production in the United States it has been difficult to find the money except on exorbitant terms.

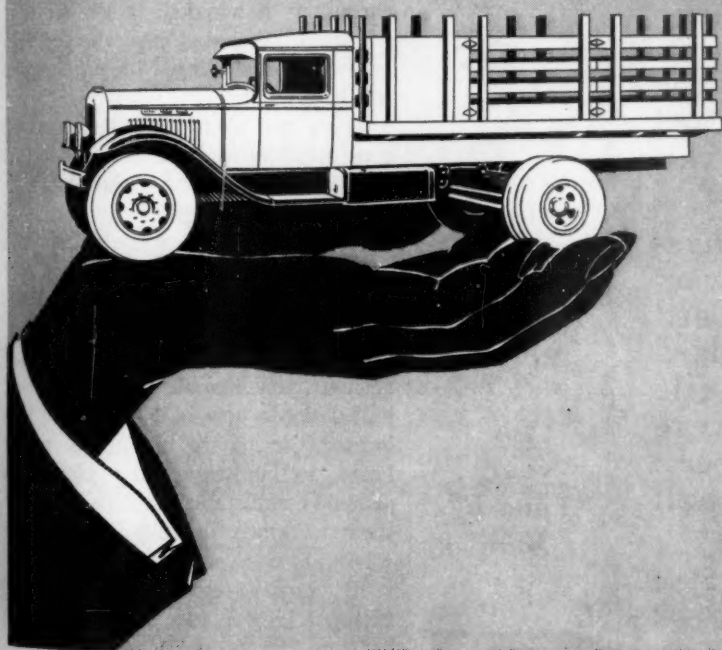
I do not complain of the bankers who have declined to provide the money. They are selling their commodity on the best terms possible and they must keep an eye on safety. The lessons of the past few years will not soon be forgotten.

But the small town which is seriously in the market for new industries might do well to establish a fund with which to encourage well-vouched-for enterprises which have not been placed in production. Mark the words "well-vouched-for."

There are still too many fly-by-night promoters in the field.

Another mistake of small-town busi-

the value



General Motors Truck enjoys many important advantages through its affiliation with General Motors. Its designing engineers are assisted by great research laboratories and proving ground facilities . . . its purchasing department enjoys mass group purchasing advantages . . . its production department profits from the experience of vast manufacturing operations. All of this reflects to the advantage of every user of General Motors Trucks—in sound design and sound manufacture and in low prices that make every General Motors Truck an outstanding value.

GENERAL MOTORS TRUCKS HAVE OUTSTANDING VALUE

TRUCKS • TRAILERS • BUSES • TAXICABS



STEEL DESKS

Increase Working Efficiency

The increased working efficiency of the executive equipped with a "Y and E" Steel Desk is due to the truly remarkable amount of card records, important papers and valuable data *at his finger-tips.*

The special design and arrangement of the easily operated drawers utilizes every inch of space. Card drawers are adjustable to standard card record sizes. Vertical file drawers accommodate a large number of letter or cap size papers. Entire contents of desk easily and instantly available.

The great strength of "Y and E" Steel Desks, proved by a world-famous testing laboratory in a recent series of severe tests, guarantees you long life and low depreciation. Neither hard knocks nor abrupt climatic changes affect a "Y and E" Steel Efficiency Desk. Always trim and attractive.

YAWMAN AND ERBE MFG. CO.

928 JAY STREET :: :: ROCHESTER, NEW YORK
Export Dept., 368 Broadway, New York, N. Y., U. S. A.

Yawman and Erbe Mfg. Co.
928 Jay St., Rochester, N. Y.
Please send me complete
details on the "Y and E" Steel
Efficiency Desk.

Steel and Wood Filing Cabinets
Steel Desks . . Steel Shelving . . Safes
Office Systems and Supplies . . Visible
Index Equipment . . . Bank and
Library Equipment.

"FOREMOST FOR MORE FIFTY YEARS"

When writing to YAWMAN AND ERBE MFG. CO. please mention Nation's Business

Ask
your
"Y and E"
Man



C. W. SCHREIBER,
one of the "Y and E"
men in New York City,
sells increased office
efficiency by means of
"Y and E" Office
Equipment. Let your
"Y and E" man show
you similar savings.

ness men is to put their troubles on the shoulders of the secretary of the Chamber of Commerce and leave them there. If the new industries do not come they blame him. They should realize that success will only come if they work as a team.

As a proof of this I may cite a little town in Tennessee. Its march forward began when a big, strong-backed mountain man determined to make his town truly prosperous by making it fit to live in.

He is a man of extraordinary energy. I think every man in town is working with him. The slogan is:

"A bathroom in every home."

A pleasant town to live in

A LOG of wood goes in at one end of that little town and comes out at the other as a printed book and pays wages on the way. When the men are through work at night they walk through pleasantly shaded streets to homes which are examples of really fine architecture. No two are alike, either, and that deadly impression of monotony one too often encounters is avoided. In the center of the town is a wide plaza where the administration buildings which are to come will be erected.

There are always enterprises under consideration for that town, but they must pass with honors the town's examination.

"If you pay starvation wages—keep out. We will not have you. If you have a record of labor troubles—don't come. We don't want you."

Indiana has a town which has always been a lively manufacturing place but half a dozen new industries have been located there since its factory owners began to landscape their plants and provide comfortable, modern homes for their workmen in easy reach of the works.

A group of stores is contemplated with parking places in the rear for the convenience of the shoppers. When a workman buys a home he knows the price quoted is the final cost. No hidden bills will ever appear to vex him. I know of another town which has measurably the same advantages that this town possesses.

The men in control of a good-sized factory came to an understanding with the town on tax concessions and cheap land and a factory building to be erected on a payment plan. Before closing the deal one wise man said:

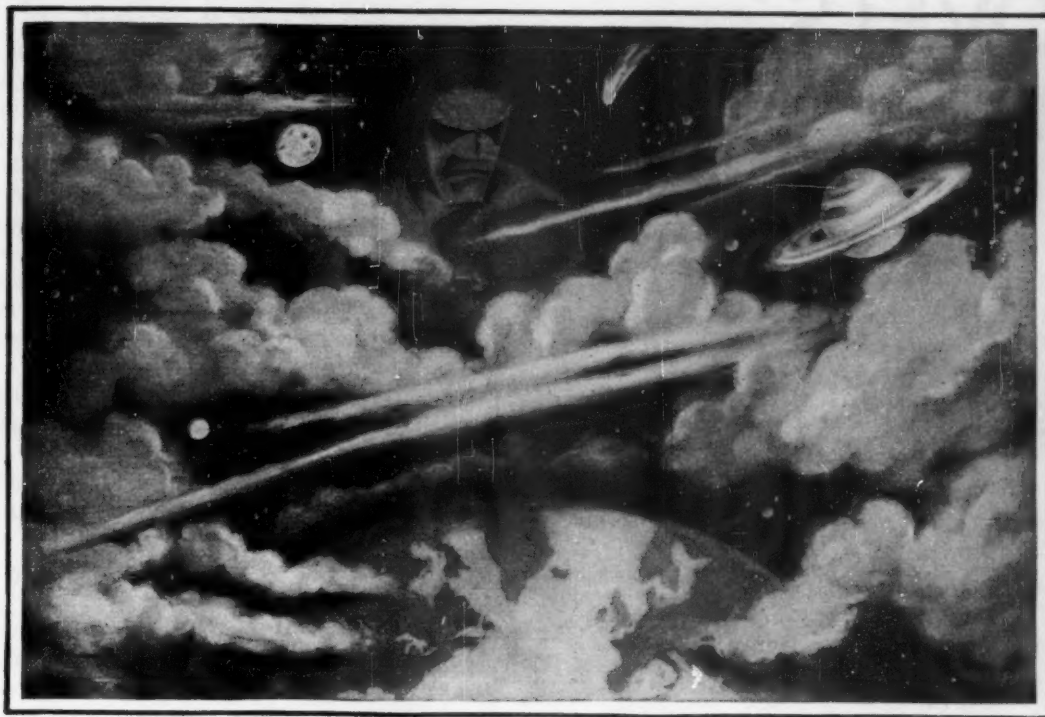
"I want my wife to look at this town."

Another executive said:

"Let us call in the wives of all the

Reading P
Tubing . .
Rods . . Ni
Bar Iron
Nails . . Boi

R
Science



What has happened to **TIME** that tough old tester?

FROM many quarters, the query has come—"What has happened to Time, that Tough Old Tester, who made his bow to the world in Reading Iron Company advertising?" You'll know the answer soon!

Time, who has proved the greater endurance of Reading Puddled Iron Pipe through nearly a century, is still the best possible witness that Reading Pipe resists rust, corrosion, strain and

electrolysis as does no other. For leading engineers agree that only Time's Test proves pipe values—and only Puddled Iron Pipe such as Reading makes has successfully passed all the Tests of Time.

Responding to many requests, Time, that Tough Old Tester, is planning to return to these pages. Watch for his next appearance—he has some valuable pipe pointers for you!



For information and quotations address

READING IRON COMPANY
READING, PENNSYLVANIA

Atlanta, Baltimore, Boston, Buffalo, Pittsburgh, Cincinnati, New York, Detroit,
Houston, St. Louis, San Francisco, Seattle, Chicago, Philadelphia,
Tulsa, Los Angeles, Kansas City

Reading Products: Pipe . .
Tubing . . Casing . . Sucker
Rods . . Nipples . . Couplings
. . Bar Iron . . Blooms . . Cut
Nails . . Boiler Tubes.

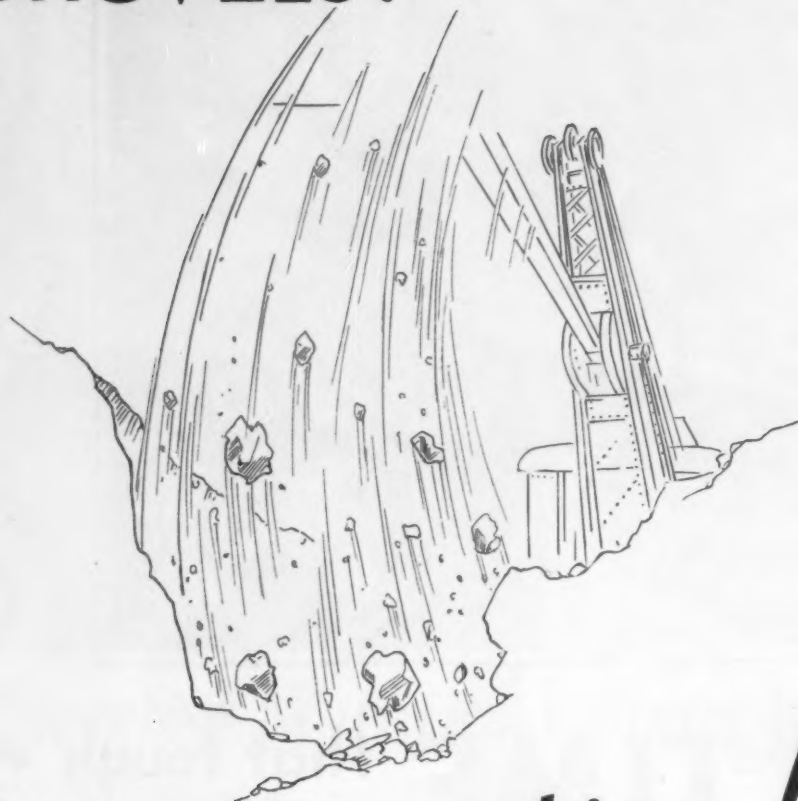
Send for our booklet, "The Low Down on the Pipe Business." It contains facts that every pipe buyer or user needs to know.

READING PUDDLED IRON PIPE

Science and Invention Have Never Found a Satisfactory Substitute for Genuine Puddled Iron

When writing to READING IRON COMPANY please mention Nation's Business

SHOVELS:



action!

WEEKS OF PLANNING in the engineer's or architect's office. Months of consideration in the board room, at the council meeting, or in the legislature, and then contracts for new developments are released.

Shovels: get into action. There is dirt to be moved. New roads to build. New buildings to go up. Men waiting for jobs until the shovel's work is done.

Thew Lorain machines are right now answering the demand for action the minute the word is passed. They are answering the pressure for speed, speed that puts men to work faster, speed that gives a quicker return to invested capital. They get into action with the increased speed made possible by the Thew Center Drive, and the extra speed made possible by such time saving features as the automatic dipper trip, the precision hoist line control for cranes, and hundreds of details that give the operator split-second control.

THE THEW SHOVEL CO., Lorain, Ohio

Shovels, cranes, clamshells, draglines, backdiggers, skimmer-scoops. Universal Truck Mounted Cranes.

THEW LORAIN

When writing to THE THEW SHOVEL CO. please mention Nation's Business

heads of departments and see what they think of the town."

The women studied the schools and the movies and shopped in the stores and pried into sanitation and parks and links and swimming pools. When they got through they said:

"We will not live here."

Yet there is another town which has just taken a factory from a rival which is in every way as well equipped with the basic factors of raw materials and availability of markets and labor costs for this one reason.

The wives of the factory heads saw that town, liked it, and sold it to their husbands.

"It is so pretty," they said, "the workmen will enjoy living here."

Pleasant places to work

A MAN in a Virginia town began to make furniture some years ago. He had no money to speak of but there was plenty of hard wood and the mountain men were used to edged tools. He might have permitted an ordinary mill town to grow there, filled with the odor of sawdust and the racket of lathes, with the workmen living in shacks propped up on stilts. He has made a lovely little place of it. It is a gem among mountain towns.

When the women began to complain that life was dull compared to life in a city he built a rayon factory in which they may work if they wish. There may be finer rayon factories. I have never seen any.

It seems to me a combination of country club and factory and is as light and sunny and clean as a front porch in New England.

There are no labor troubles in that town. The women are able to make the extra money they want and conditions in the factory are so pleasant that work there has become the social event of the day.

A town needs beauty

I HAVE been trying to make this clear to the business men of the small towns which want more factories:

"It is not enough to provide the material needs. The possible newcomer must be assured about taxes and labor costs and raw materials and markets, of course, and he must be convinced that he will be given fair play politically. But the town must bid higher.

"It must offer beauty and dignity. These things pay. The stranger must say to himself when he rides through:

"I would like to live here."

SCHRAFFT'S

CHOCOLATE BARS

One of many
brands of chocolate wrapped on
Package Machinery Company machines



Chocolate bar wrapping machines in the Schrafft factory
Boston, Massachusetts

The chocolate manufacturers were among the first to discard hand wrapping for machine production—and the Package Machinery Company supplied the machines. Today our machines are used by practically all of the important chocolate companies.

In the confectionery industry, as in many other lines, our wrapping machines are an important factor in the profitable merchandising of the product. They wrap the leading brands of chewing gum, lollipops, mint tablets, fruit drops, caramels, marshmallows, candy bars, etc.

It would be impossible to sell these products in large volume at popular prices were it not for the extremely low production costs of modern machine wrapping.

Our machines also play an important part in package improvements. Time after time, we have helped to secure new and larger markets by virtue of an outstanding improvement in packaging.

When you want the benefit of wide experience and expert judgment on your packaging problem, get in touch with us.

PACKAGE MACHINERY COMPANY, Springfield, Massachusetts
New York Chicago Los Angeles

London: Baker Perkins, Ltd.



PACKAGE MACHINERY COMPANY

Over 150 Million Packages per day are wrapped on our Machines

WHAT I'VE BEEN READING

By WILLIAM FEATHER

President, the William Feather Company, Cleveland, Printers and Publishers

"ONWARD INDUSTRY!" is the resounding title of a thick book of more than 500 pages, written by James D. Mooney, vice president of the General Motors Corporation in charge of overseas operations, and Alan C. Reiley, former advertising manager of the Remington Typewriter Company.

The job attempted in this book is a historical review of human experience in large-scale organization. Government, military, and church are studied in an attempt to identify basic principles which are common to all and, therefore, to industry.

It seemed to me that the work, although brilliant and scholarly in many ways, was unnecessarily ponderous and verbose. Several chapters are used laboriously to prove contentions that most readers would be perfectly willing to concede. The book abounds in what are known as \$5 words and \$20 paragraphs.

I should judge that the outstanding conclusion of the study is that the survival of any organization is finally contingent on the expression of a noble purpose. In other words, nothing lasts unless it serves to promote the welfare and ideals of mankind.

One of the best chapters deals with the fall of the Roman Empire, in which many factors are noted which escaped the historian, Gibbon. Rome scorned industry and regarded it merely as a source of revenue. "Taxed out of existence" would be a proper epitaph of the Roman world.

Modern industry must ever maintain the ideal of universal human service. The leaders must think not only in terms of stockholders, employees, and customers, but must reach out to the underprivileged masses in our own country and in other parts of the world and strive to help them.

Industry is today the most powerful factor in the uplift of humanity to a

goal of well-being. The authors of this book have sought to give the leaders a wider horizon, and to stimulate them, by historical example, to make the most of their opportunity as the price of the survival of the present system of industrial organization.

WALTER B. PITKIN,² professor of journalism at Columbia University, is one of those persons who is as bright as a robin the minute he opens his eyes at five o'clock in the morning. He can study a foreign language or read German philosophy for three hours before he leaves for the University.

He warns his readers against smoking, claiming that smokers are ten per cent less efficient than nonsmokers in all types of mental work.

The professor evidently is a man of great energy and self-control. For example, he says that any housewife who will organize and mechanize her job can, within a few months, find ample time to learn half a dozen languages, with fancy dancing thrown in for good measure.

"This is guaranteed," he insists. "Hundreds of women have done it."

Such is the general idea of this volume. I found the mere contemplation of the suggestions and exercises exhausting. Professor Pitkin is endowed with altogether too much pep.

PROBABLY the majority of the readers of NATION'S BUSINESS, upon opening the magazine, turn first to Merle Thorpe's editorial which, like a cocktail, precedes the main dish.

Mr. Thorpe for many years has been concocting these moral and spiritual bracers. Now a group of them have been selected and published in a book under the title "How's Business?"³

The first essay from which the book

²The Art of Learning by Walter B. Pitkin. McGraw-Hill Book Co., New York. \$2.50.

³"How's Business?" by Merle Thorpe. Harper & Brothers, New York. \$2.50.

takes its title is an excellent picture of business as a living organism, but it is in the last editorial, "Are you for Big Business or for the People?" that Mr. Thorpe does his best job of editorial writing.

The question has been asked by a reader, and the editor explains that he is for the man who makes good hams whether his yearly output is a hundred or a million. He doesn't see why any man should be condemned because his business grows.

Business is revealed in these short editorials as a lively, romantic, adventurous activity in which the players are intent on expressing themselves in useful work and noble achievement. Mention is made in one chapter of the discovery of Sir Ernest Benn, the British publisher, that 95 per cent of current writing on business economics deals with schemes of radical reorganization of our present industrial system, while few authors set out to describe, to understand, and to interpret it.

I have long been puzzled by the dearth of writers who can give articulate expression to business men and the aims of the modern industrial system. The majority of the defensive writing is so dull and ponderous that it is pathetic.

EVERYTHING in "Life Among the Lowbrows"⁴ is probably well known to successful politicians, newspaper editors, theatrical managers, and high-pressure salesmen. Those who make a living by exploiting the lowbrows develop formulas, and such formulas are based on the mental and emotional reactions of simple-minded folk.

This book, therefore, is particularly recommended to those idealists who resent vulgarity, restriction, banality, and stupidity, and who wonder why the world is so imperfect and progress is so slow. From reading Mrs. Wembridge's amazing tales of her experience in the

⁴Life Among the Lowbrows by Eleanor Rowland Wembridge. Houghton Mifflin Company, Boston. \$2.50.

¹Onward Industry! by James D. Mooney and Alan C. Reiley. Harper & Brothers, New York. \$6.

Cleveland Juvenile Court, they will learn that there is no single remedy for the ills of mankind. In one way the outlook will be discouraging, but in another way the new knowledge will make them kinder and more sympathetic in judging their intellectual inferiors.

One could read a dozen thick books dealing with the weighty problems of human psychology and behavior, and emerge with a less intelligent understanding of dumb and peculiar people than one can get in a few hours from this entertaining study. Mrs. Wembridge writes of people whom we have all encountered. We see some in our kitchens, others in our living rooms. They move in the highest and lowest social groups. The majority are kind, gentle, and good-natured, but with no more sense or judgment than a twelve-year-old child.

How shall a democracy deal with these people?

Mrs. Wembridge has puzzled over this, and seems to lean towards the views of the conservatives who still think that Queen Victoria had the right idea about the management of the human race. Big weddings, big baptismal parties, and big funerals are the kind of ceremonial forms that impress the lowbrows with the importance and sacredness of contracts and duties.

Social and moral codes must be dramatically advertised and dramatically enforced. To give freedom to a moron is as cruel as to give freedom to a horse. He must be told what to do and then made to do it. This insures happiness for him and happiness for others.

The outlook appears dark for the liberals who desire for themselves a freer civilization. Must they impose restrictions on themselves as an example for the less competent and dependable members of society? That may be necessary, thus postponing Utopia to a far-distant day.

♦
FORTY years ago Annie Payson Call wrote a book called "Power Through Repose." It enjoyed a large sale for many years and is still widely read.

The author proposed that Americans relax. By relaxing she said that we would sleep better, talk better, and walk better. "Americanitis" is the name that she gave to our peculiar muscular tenseness.

Few people, she said, know how to sit in a chair. The chair does not hold them; instead they hold themselves on

"Power Through Repose" by Annie Payson Call. Published by Little, Brown & Co., Boston, \$1.65.

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Making it stop—controlling motion—is one of the great fields in which Johns-Manville operates.

Brakes on automobiles are a familiar means of controlling motion. Brakes on hoists which flash materials to the tops of skyscrapers under construction, and on elevators in completed skyscrapers; brakes

on cages and cars which lower men and raise minerals from mile-deep levels in mines; brakes on drills which gouge their way through rock six, seven thousand feet in the earth, in search of oil; brakes on dredges which clear the channels to ports; brakes on excavators which root out earth in surface-mines...

These are less familiar, but not less important to the world's progress.

JOHNS-MANVILLE Brake Linings, Friction Blocks, Clutch Facings, with their essential ingredient, asbestos—these

have speeded up the processes of industry by controlling motion more efficiently, more exactly; by lasting longer, with fewer shut-downs for replacements; by standing high friction temperatures without the danger of fire.

PIONEER WORK in the development of friction materials has qualified Johns-Manville to meet any problem. Whether your need is in industry, or in the operation of a fleet of buses or trucks, or simply that of your own car, there is a J-M Friction Material made to fit the case exactly.

When writing to JOHNS-MANVILLE

SCENE: The House of Parliament, London, 1825.

SUBJECT: A Bill allowing construction of a railroad from Liverpool to Manchester.

Member of Parliament (addressing George Stephenson, inventor of the locomotive):

"Suppose now, one of these engines to be going along a railroad at the rate of nine or ten miles an hour and that a cow were to stray upon the line and get in the way of the engine; would not that be a very awkward circumstance?"

Stephenson (speaking broad Northumberland):

"Very awkward—for the coo."

Fear that the machine could not be stopped resulted in the Bill's failure to pass—postponement of construction of the first railroad.

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Saved on one Donkey Engine: \$156 a year

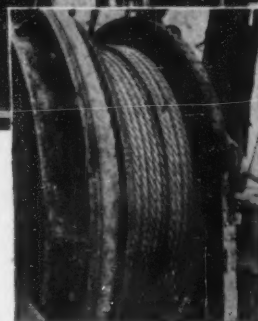
THE East Side Logging Company, Keasey, Oregon, takes from 60 to 80 million feet of fir, hemlock, and cedar timber yearly from Oregon's big tree country along the Columbia River. A 14-mile Company-owned railroad serpentine from river to mountain fastnesses whence big trees now come. Several trains a day come down, each carrying enough logs to build 20 bungalows and supply their occupants with fuel for a year.

Severe service in the logging camp falls on hoisting or "donkey engines"! With a high cable or "skyline," these drag and carry logs half a mile or more, from where they fall to where they are loaded.

FRICTION MATERIALS in the donkey brakes lasted, on the average, $4\frac{1}{2}$ weeks, until J-M Asbesto-Metallic Friction Blocks were installed in one machine in June, 1927. They remained in service until August, 1929. This



brake handled 100,000 feet of timber a day—53,000,000 feet during the two years. The J-M Blocks had a life 21 times that averaged by the former friction materials. The annual savings resulting from the use of these J-M Blocks were \$156—not counting the savings of operating time previously used in installing new friction materials in the band. Needless to say, the East Side Logging Company has now standardized on J-M Asbesto-Metallic Friction Blocks.



21 times the life of other friction materials was the record made by J-M Friction Blocks on the main brake drum of this logging "donkey."

Dust cleared... extra crew dismissed

Dredging operations put a friction material to the test, where loads are heavy and equipment is in constant use. Both conditions existed in dredging work along the San Francisco waterfront when J-M Friction Materials were first tried out several years ago by the State Board of Harbor Commissioners... The wood blocks previously in



service lasted only a few weeks, and gave off carbon dust which caused sickness among the crew. This sickness became so annoying that it was necessary to keep an extra crew on hand at times to replace those dropping out.

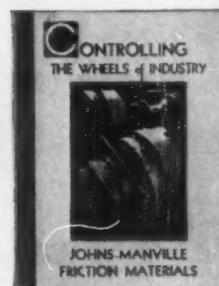
When J-M Materials took the place of wood blocks, the dust condition was of course eliminated—the extra crew dismissed. J-M Asbesto-Metallic Blocks have lasted years instead of weeks—the savings have amounted to hundreds of dollars.



World's largest trolley bus lines standardize on J-M Brake Blocks

CHICAGO Surface Lines operate 89 trolley buses. Each bus averages about 100 miles a day. Brake linings must bring rapid deceleration against heavy loads and the residual energy of two 50 h.p. motors in each bus... In conjunction with Chicago

Surface Lines, Johns-Manville studied materials, methods, developed new ideas, producing a type of block which meets every requirement... Not only Chicago Surface Lines but practically all trolley buses in the country have standardized on J-M Blocks.



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the chair. They refuse to submit to the law of gravitation. Railroad travel exhausts them because they have never learned to let go of their muscles.

Mrs. Call said that the shrillness in the American voice was caused by talking with the whole body.

"Take the bone and flesh sound from your voice," she advised. Relax the hands, shoulders, and feet. She noted that, "Women talk all over themselves" and at the end of a party are utterly fatigued.

She scorned the notion that one should brace up to a pain. She said:

"Most of the nervous fatigue suffered from dentist's work is in consequence of the unnecessary strain of expecting a hurt, and not from any actual pain inflicted. The result obtained by insisting upon making yourself a dead weight in the chair, if you succeed only partially, will prove this."

Some people have never learned to concentrate well because they try to think with their muscles. Tell one man to concentrate his mind on a difficult problem until he has worked it out, and he will clench his fists, tighten his throat, hold his teeth hard together, and contract nobody knows how many more muscles in his body.

This is not concentration, Mrs. Call held. The man who behaves naturally, if told to solve the same problem, will forget that he has a body, and with a quiet, earnest expression, not a face knotted with useless strain, seek the answer.

Both may master the difficulty equally well, but one will suffer far less physical fatigue.

Mrs. Call suggested that we observe cats. From them we may learn the art of complete relaxation and economy of effort.

"THE Road to Culture," by Dr. Charles Gray Shaw, is a fairly readable but somewhat irritating book. The book itself is nicely bound and printed, but the jacket is a piece of cheap purple paper on which the decorations and reading matter have been embossed in silver. The "embossing" is not real, but imitation. The effect is ghastly and vulgar. It is reminiscent of a bootlegger's casket.

I am impelled to mention the jacket of this book because Dr. Shaw, who is the professor of philosophy at New York University, is insistent that the

"The Road to Culture," by Charles Gray Shaw. Funk & Wagnalls Co., New York. \$2.

cultured person always chooses Quality. A less sensitive person than myself would be so distressed by the appearance of this book that he would not care to handle it or have his friends see it in his library. Its presence would demand an explanation.

To me one of life's enigmas is how people who make bold pretensions to culture can be indifferent to common vulgarisms. Some of the ugliest houses are inhabited by persons who pretend to and probably possess a fine appreciation for the beautiful in the fine arts. Such people apparently can live amid junk and disorder and eat badly cooked and miserably served food without a sense of incongruity.

Dr. Shaw, of course, limits culture to "a certain intelligent sympathy for the five fine arts—architecture, sculpture, painting, poetry, music." Although this is the classical view, I think it is much too narrow. Why can't a person be equally cultured who has an intelligent sympathy for dancing, acting, and prose?

JOHN Burroughs and Henry Thoreau spent their lives observing Nature. They left a record of what they saw and felt. They reveal themselves as cultured men in the very best sense. Henry Finck, a noted music critic, was also an epicure. He wrote a big book on food in which he showed that appreciation of flavor is as worthy of cultivation as appreciation of music or poetry.

Perhaps by this time I have made it clear that I resent the snooty attitude that limits culture to an interest in and appreciation of five fine arts. I should not care to eliminate any of these arts from my own life, but if I had to choose I should be willing to substitute drama for music, prose for poetry, and dancing for painting.

I also resent the kind of culture that expresses itself in a state of mind and is indifferent to reality. I doubt that such culture exists except among people of twisted mentality.

We should look to cultured people for insistence on order, cleanliness, beauty, and honesty in everyday life. A cultured person should appreciate not only the contents of a book, but also the typography, proof reading, and binding. True culture cultivates selectivity and therefore leads to a beautiful and orderly way of living.

Too much so-called culture is merely vocal in expression. It flourishes at tea parties but fails to express itself elsewhere.

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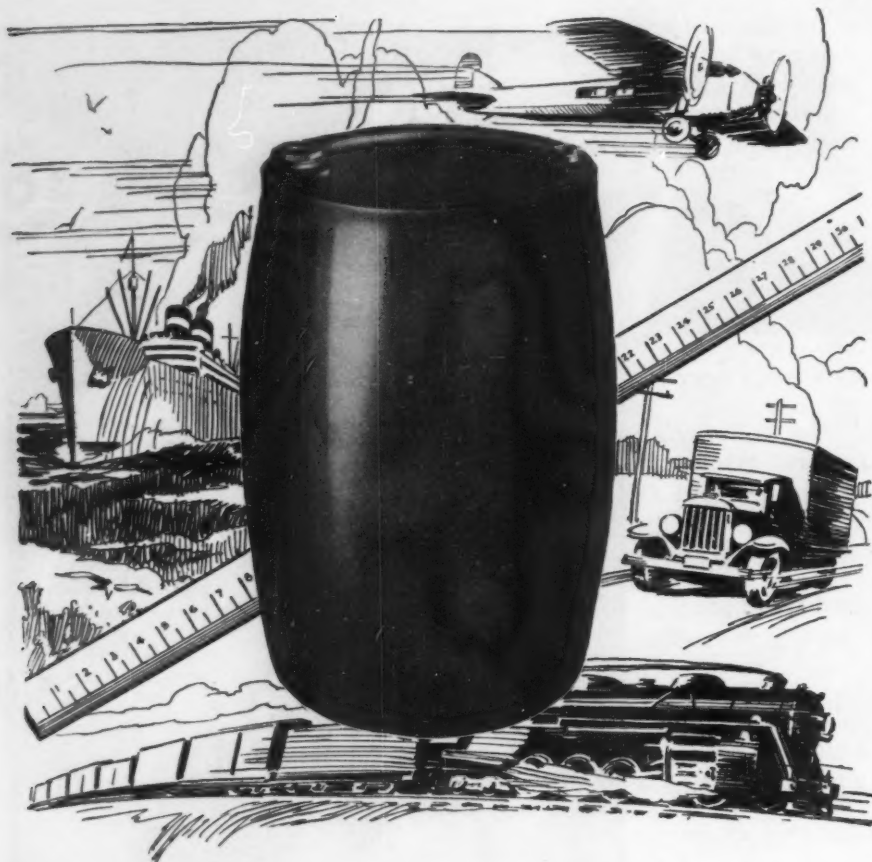
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Protecting Assets You Can't Insure

(Continued from page 42)

relative importance. Such a classification will safeguard against omission of any that may be particularly important and will also disclose those which need the greatest protection. The survey may also impress upon employees the value of business records and the necessity of caution in handling them.

The value of records will vary in individual cases, but generally speaking they will fall into four groups—vital, important, useful, and nonessential.

The vital records will include such papers as charters, franchises, minutes of directors' meetings, deeds, abstracts, easements, options, stock transfers and bond records, important contracts, general books and supporting papers, accounts receivable and tax returns. Here also may be found engineering records such as drawings, tracings, property plans, appraisals and inventories. Examination may disclose many others.

Among the important records may be placed many statistical studies, accounting records which could be reproduced from the original source if necessary though at considerable expense and labor. A great mass of operating records belong in this group, particularly those used to check upon efficiencies and operating costs. Some minor contracts and similar papers are included.

General correspondence is perhaps the best illustration of useful records. Loss of these papers would occasion much inconvenience, but, with a few exceptions, would present no insuperable obstacle to continuing the business.

Nonessentials in records

AN ANALYSIS of business records will disclose many that are no longer useful and merely constitute an added source of combustible material in the event of fire. All these should be placed in the nonessential class and destroyed.

Once records are classified one encounters the problem of procuring the proper type of storage receptacles. A multiplicity of devices, such as safes, vaults and special filing equipments are manufactured. All of them do not possess the same degree of fire resistance. This feature depends largely on the materials and the type of construction. The fire resistance of a record receptacle should increase in direct proportion to the importance of the records to be protected and the possible intensity of the

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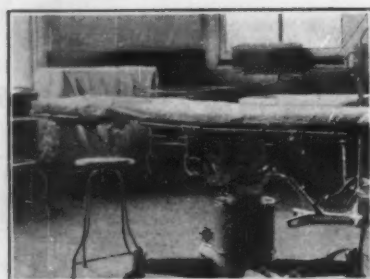
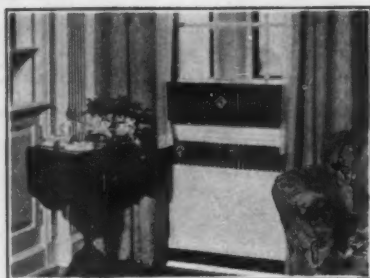
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fire it may be called upon to withstand.

Standards and specifications of recognized testing agencies may well be followed in purchasing this equipment. Underwriters' Laboratories has long been an authority in this field and has issued lists describing various classes of safes and giving names of manufacturers whose products have been tested, listed and labeled under an exacting standard. In several office-building fires records have been destroyed because filing equipment was exposed to fire of severity far beyond that for which it was designed. Such losses cannot be blamed on the equipment itself.

The choice between fire-resistive safes and vaults is often perplexing. Safes placed at the points where the records are to be used are more convenient than a central vault and for this reason it is more likely that the records would be quickly placed in a safe in the event of fire or other emergency. Where the volume of records is relatively small, the safe is less expensive than the vault.

Vaults can be made fireproof

ON THE other hand there is practically no limit to the fire resistance that can be built into a vault, while there are practical limits to the fire resistance of a safe. Where the potential fire exposure is exceptionally severe the only sure protection is a vault. One should consider not only the effect of heat, but also the effect of possible collapse of a building as a result of fire. Where a large volume of records is to be protected at one location, vaults will usually be found less expensive than safes.

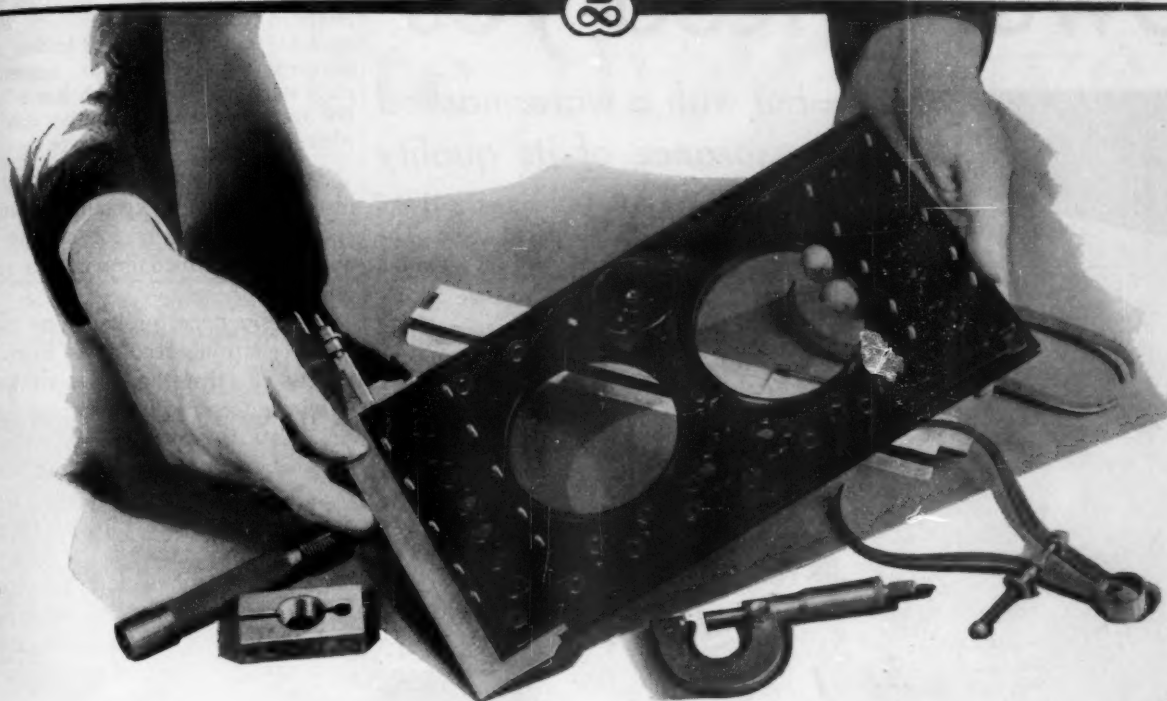
In the construction of a vault there are a number of fundamental requirements which must not be overlooked if the structure is to protect the records it contains against a real fire. The Committee on Protection of Records of the National Fire Protection Association has listed these requirements:

Wall, floor and roof construction should be of materials having sufficient fire-resisting qualities to resist the action of the most severe fire to which the enclosure may be exposed and also having adequate heat-insulating resistance to prevent destruction of records from heat transmitted to the interior vault.

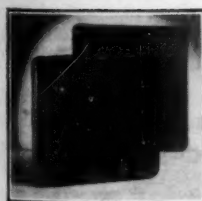
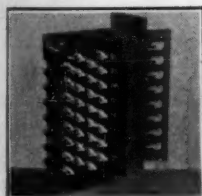
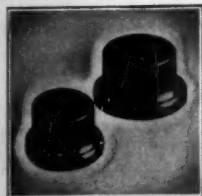
Foundations and other supporting members must be of such design and construction that they will carry the weight of the vault and its contents when these supports are subjected to fire.

Provision must be made against the impact of falling building members and building contents such as safes, machinery and other heavy objects.

The structure of the vault enclosure must be independent of the building members at least to such an extent that failure of



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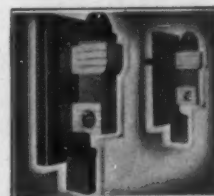
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the building will not cause failure of the vault.

Door openings must be protected by the insulated-type vault door which is now available from several of the leading manufacturers, rather than the conventional plate steel vault door which has a limited fire resistance and should be used only where fire exposure is moderate.

Safe deposit vaults of banks and other institutions may in certain instances be employed effectively for storing valuable records which are not in regular daily use.

Properly done, probably no method of safeguarding records is more completely effective than that of keeping duplicate records on other premises not subject to the same fire even under conflagration conditions. Acting on the theory that fire will seldom, if ever, occur simultaneously in two predetermined places remote from each other, some companies have found it expedient to place duplicates of important records at a point some reasonable distance from the main base of operation, preferably in a fire-resistive vault.

However, this latter protection is not essential to the fundamental principle of safety obtained by separating two or more sets of records. One important railroad keeps its duplicate records in a fire-resistive warehouse in which space is rented for the purpose.

Saving one set of records

UNDER such systems, the original records would preferably be placed at the point having the lesser fire hazard; but if two points are otherwise equally desirable the original should be kept at the place where least need for consulting them would exist. By means of duplication the information contained in the records is safeguarded and, if either set is lost, the cost of replacement would be materially less than if neither set were available.

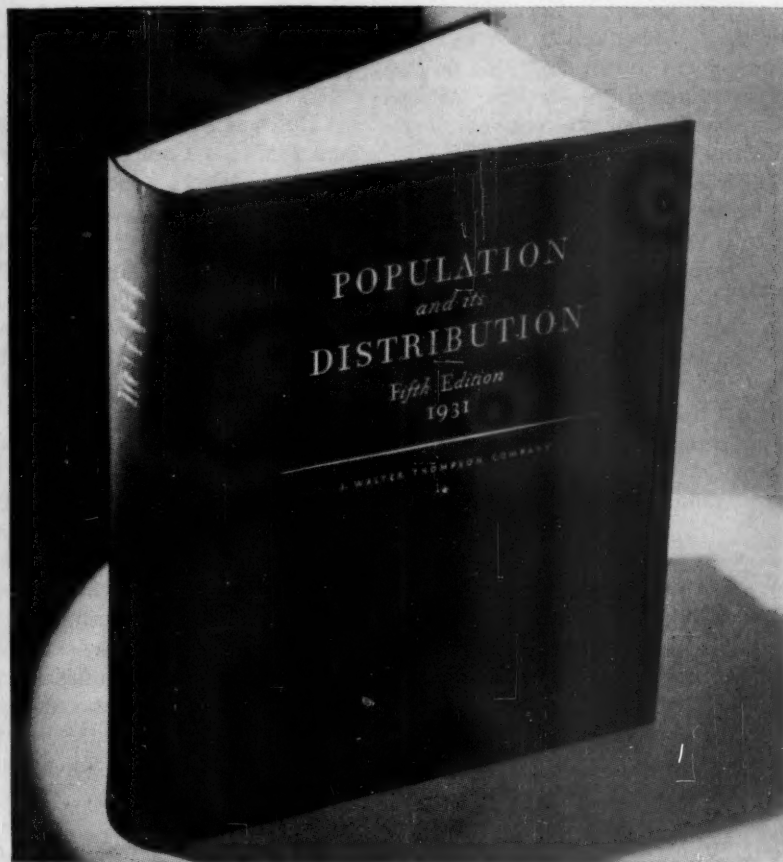
Another method of record protection is the so-called "document building" which is defined as an isolated, strictly fire-resistive building, usually in an outlying district, in which inactive records can be kept.

One of these plans should be adaptable to any business. The size of the business will naturally dictate to some extent the type of protection to be selected, but, regardless of size, every business needs such protection. All useful, important and vital records constitute a business asset. There are few that do not represent an actual and, in many cases, a measurable expenditure of money. For this reason their protection is not so much a matter of commendable precaution as of vital necessity.

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What they earn . . . Where they shop

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To the sales or advertising executive, this volume is indispensable for time-saving and effective planning. The tabulations here exclusively presented throw new light on every phase of the 1930 census population figures. The information on retail shopping areas represents original research, and is not to be found elsewhere.

Where they live—what they earn

—where they shop—only with this knowledge can the present need of economy in sales effort be met.

"Population and its Distribution," 5th Edition, has been published for the authors—J. Walter Thompson Company—by Harper & Brothers and is obtainable direct from J. Walter Thompson Company, 420 Lexington Avenue, New York. The price is \$10. The book may be returned within 5 days, and your money will be refunded. The coupon is for your convenience.

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In this book are . . .

- 1 For each state, the number of people—families—individual Federal income tax returns—farms—home telephones—residential lighting customers—passenger automobiles costing under \$1000 and automobiles costing over \$1000.
- 2 Complete list of counties in the United States, showing population, number of individual Federal income tax returns, number of people in each county per tax return, automobiles costing under \$1000, and automobiles costing over \$1000.
- 3 State lists (with maps) showing 681 well-defined retail shopping areas—with the center and sub-centers of each—the population of the areas—the population of the centers—the number of individual Federal income tax returns for each—the number of people per tax return—and the number of leading department stores.
- 4 A table grouping these 681 retail shopping areas, according to the size of the retail shopping centers to which they are tributary. (A glance at this table shows, for example, that there are 13 areas tributary to centers of more than 500,000 population, and that these areas account for 28% of the total population of the country. On the other hand, there are 438 areas tributary to centers of less than 25,000 population—these areas containing 22.7% of the total population.)
- 5 A table giving the number of cities and towns in various size groups, and the number of people in each group—with the relation of each size group to total population of the country. (This table shows, for instance, that the 5 cities of 1,000,000 or over have a combined population of 15,064,555 which is 12.3% of the total population of the country; while the 1,332 towns between 2,500 and 5,000 in size have a combined population of 4,717,590, which is only 3.8% of the total population of the country.)
- 6 Population and group totals for 11 size groups of cities and towns, in every state. (For instance, if you should decide to cover all cities of 25,000 or more in certain states, your lists are here ready.)

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Finnell-Kote is melted by special dispenser—flows to floor—it is distributed by brushes—and on return movement of the brushes is brought to a lustrous polish—slip-proof, dust-proof, and long wearing.

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The World Wars on Unemployment

(Continued from page 44)

numbers of persons are suffering from the disease. Then his immunity causes comment.

It was such a situation that brought out the fact that Procter and Gamble, soap-makers, had, for seven years, been guaranteeing regular wage-earners 48 weeks' employment a year.

The Walford Company, New England manufacturers of valves and pipe fittings, builds up inventory when orders are slack. When orders are heavy it allows stocks to run down. To do that intelligently requires excellent management, but it eliminates seasonal unemployment.

Other companies which have levelled off seasonal peaks and valleys to provide security for workmen include the Denison Manufacturing Company, makers of paper wares; the Onandaga Pottery Company; Disston & Sons, saw makers; the Norton Company, producers of grinders and abrasives; the Diamond Chain Company; the Link-Belt Company, makers of power drives and conveyors; and the United States Steel Corporation.

Seasonal unemployment

MERGERS and diversification of products have also been used to prevent unemployment. When sales are slow on one product, workmen are transferred to plants where rush orders are coming in. Companies that use this system include the du Pont Viscoid Company; Lever Brothers, soap makers; The White Sewing Machine Company; the Westinghouse Electric Company; the Ault-Williamson Shoe Company; the C. G. Conn Company, makers of band instruments; the Eastman Kodak Company; the May Oil Burner Company; the Gruen Watchmakers Guild; the Remington Arms Company; the Towle Manufacturing Company, silversmiths, and the American Optical Company.

Some of these companies and many others have also set up employment reserve funds to assist workers through periods of unemployment.

The General Electric Company plan is representative. This company pays into a fund one per cent of the total pay roll and the worker one per cent of his earnings.

In times of unemployment, workers receive benefits from this fund equal to one-half their wages up to a maximum

of \$20 a week for a period of ten weeks in any one year.

The International Harvester Company provides a fund from which its unemployed may borrow with no security except their willingness to return to work for the Company when their services can be used again.

Many companies, including Standard Oil of New Jersey, have taken employees into partnership and have taken other steps to free labor from the uncertainties caused by frequent shut-downs.

The Columbia Conserve Company; the Dutchess Bleachery, Inc.; the Rockland Finishing Company, Inc.; United Diamond Works, Inc.; Brown and Bailey Company; Fond du Lac Companies; the Rochester, N. Y., Companies; the Consolidated Water Power and Paper Company, and S. C. Johnson and Son swell the list of those who are protecting employees against unemployment. If we include the list of companies cooperating with labor unions to the same end, the number is almost legion.

These American plans, of course, protect fewer workers than the government-operated types. None of them is yet perfect but improvements are being made just as improvements are being made in the government-operated plans. Whether they will eventually produce the perfect plan or whether the answer lies in government operation is a question for debate. Much can and has been said on both sides.

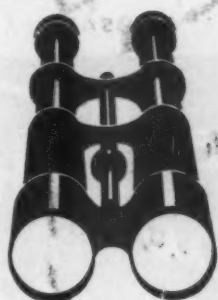
Private plans are popular

PERHAPS the solution lies in a combination of the two. This is being tried in England where 14 large companies, believing benefits paid under the government plan are too small, have inaugurated their own plans to augment government payments to their workers.

Or perhaps it is significant that in England, where government operation has had its longest trial, 1,845 employers took advantage of a briefly offered opportunity to withdraw from the government scheme altogether and establish private insurance plans.

These employers—1,700 in the insurance field and 145 in banking—are able to pay higher benefit rates than the Government provides although neither employees nor the state contribute to their funds.

THIS IS THE YEAR



OF THE LONG LOOK

Take a Look at the Possibilities of Nation's Business for Your Own Advertising

YOU CAN SELL your product or service through advertising in Nation's Business. Coverage of your own best prospects can be established beyond doubt by checking your list against our subscriber cards. (Nation's Business alone, of all business magazines, is free with such proof.)

Reader interest can be demonstrated by certain evidence generally accepted by advertising men.

- If subscribers buy the magazine for long periods;
- If they renew in large numbers;
- If they praise and criticize;
- If they testify to their liking when asked;
- then they read it.

Sixty-four percent of the subscribers to Nation's Business buy it for three years, paying \$7.50 in advance. Fifty-four percent renew, sixty percent of them for three years.

Business executives are not prone to write letters of comment to the editor. Any juvenile magazine, almost any women's or general magazine can show a higher stack of letters from subscribers than ours. But each month about 1,500 business men readers write to Nation's Business to express approval or dissent.

Questionnaires asking a list of business executives in diversified lines to check the business magazine in which they were most interested, were delivered unopened to an honest doubter. His own tabulation shows:

Nation's Business	294	66.4%
Second magazine	86	19.4
Third magazine	63	14.2

Nation's Business welcomes any fair test of reader-interest and reader-regard. Its established leadership in the business field never fails of proof. This unquestioned leadership makes Nation's Business worthy of your consideration as an advertising medium.

NATION'S BUSINESS ★ Washington

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Most good business men are checking insurance values and costs. Why not check up on what CENTRAL offers you? Write our home office, addressing Department N.B.—or use the coupon below. CENTRAL policies are written through local agents.

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Business Fallacies

• Business is continually hampered by sensational statements coming from sources that want to discredit business leadership. A series of articles exposing the untruths which are fed to the public in such statements will start in the

October

NATION'S BUSINESS

Tax Dollars Can Buy Full Value

(Continued from page 35)

get-rich-quick plan I have ever heard of. There seems no way for the Commission to lose:

"We made \$90,000 in the market for one district alone," I was told. "Plenty of other districts profited in slighter degree."

So satisfactorily does the plan work that the local districts have discovered that they cannot afford to sell to bond buyers at all, not even at a premium. The interest paid in unused monies during the construction period would show a loss, as compared to the Commission's deferred payment plan.

There are checks and counter checks, of course. A case history is kept of each subdivision and its bond account all the way back through history. Its accounts are audited annually and the tax rate and the money collected is reported back and forth until every one interested knows all about it. The bonds of all subdivisions are subjected to legal scrutiny by an outside authority as well as by the state's attorney before they are accepted and now are made payable in New York as well as at a designated state bank for the convenience of the buyer. At regular intervals financial statements are issued.

Buyers deal with the state

IN EFFECT, the buyer in the open market does not deal with the small town which issues a bond, but with the State of West Virginia. He is no longer compelled to make an expensive and bothersome investigation of the validity and security of the bond. He knows the coupons and the principal will be paid when and as promised. The state is behind the credit of even its smallest townships. The net result is shown in the bond values in the market place.

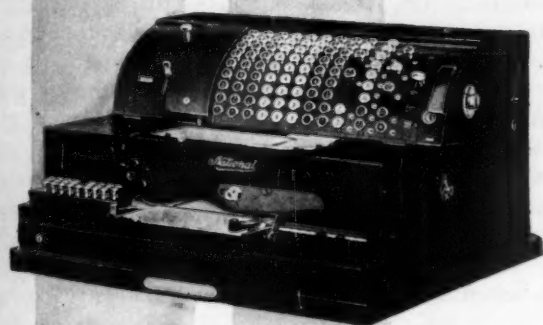
West Virginia bought about 13 million saved dollars cheaply, too. The demonstrable savings are in the assurance of par or better for the bonds of each community, a material reduction in the interest rate, and the saving of interest on the unused monies lying in local banks until needed, not to speak of the market operations which have nipped off occasional hundreds of thousands of dollars for the issuing districts, either by the sale at a premium or the purchase below par from banks.

The greatest annual cost of the Sinking Fund Commission has been \$14,280.

National

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*give results never
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National Accounting Machines have set entirely new standards in the field of mechanical accounting. Whether the work to be done is in a bank, a factory, a retail store or any other line of business . . . results are definitely better than with other methods.

Even where some other form of mechanical accounting has long been used, National equipment shows striking savings. These savings are made possible by the important time and labor saving features which Nationals alone offer in an accounting machine.

Whatever your business . . . and whatever your accounting needs . . . our office in your city will be glad to point out the possibilities of National Accounting Machine equipment.

Chosen on the Basis of Results

In New York City more Department Stores use National Accounting Machines to handle accounts receivable than all other types of accounting machines combined. Eighty-five per cent of the savings departments of New York banks are equipped with National Posting Machines. These are not exceptional facts . . . they are simply typical of the extent to which National equipment has been chosen by business.

THE NATIONAL CASH REGISTER COMPANY

ACCOUNTING MACHINES FOR EVERY BUSINESS

DAYTON, OHIO

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Sound Investments in Play

(Continued from page 47)

work, full of fun, really play to send a man to his day's duties full of energy, rather than a hard drill that would send him down town exhausted.

These items are part of the daily routine that keeps the energies at par, but they are not all. The man has a mind of many compartments, one for every subject that engages his attention. Each problem finished is tucked away. Thus, as soon as he starts for home, black bag in hand, all details of business are out of mind. At the Grand Central Terminal he goes to his chair at a table in the club car on which a layout for contract bridge is stored. Friends drop into their places, and the four play steadily from 5:15 to 5:50, when the train arrives at Greenwich. The game is for a trivial stake, but it serves to sweep away the last shreds of care; for he plays as earnestly as he works.

"Which do you enjoy more, work or play?" a friend asked him.

"I've never stopped to figure it out," he replied. "Like 'em both pretty well."

A yearly fishing trip

AS APRIL progresses he gets a bulletin now and then as to how fast the ice and snow are disappearing from the section of the Restigouche River where he and a few companions go for salmon every spring. When he is sure of the date that will be best for sport, he telegraphs right and left, and presently knows just who will join his party, the guides they will have and whom each one will guide. It would take a pretty big disturbance in business to break up that party.

On the evening before the date, accompanied by his secretary and the black bag, he takes the Montreal express. There he works till bed time; then shuts business out of his mind. The friends fish by day, chuckle at dinner over good luck and bad, play pranks on one another like school boys, and sleep for nine solid hours. That program gives not only relaxation from care but a lot of pleasant exertion in the sun and fresh air that consumes the last trace of fatigue toxin in the circulation and sends a man off the river keener than ever for his daily task. Mr. Teagle meets his secretary and the black bag at Montreal and puts in a full evening's work before going to bed.

His shooting trips, whether for birds in southern Georgia or for deer in Texas, carry a load of business right up to the hour the sport begins. He manages to sandwich in seven or eight weeks of fishing and shooting in the year between sieges of hard business grind.

Physiologists declare that half a dozen of these brief rests in the year are far more helpful to a man than one vacation, even of three or four months. The complete relaxation from cares counts for a great deal. As a supplement to the bigger trips, Mr. Teagle knows a stream near Greenwich that he fishes for trout now and then and there are certain fields and woods where he can get a few quail. On these occasions he is up at daybreak, has a light breakfast—he is never a heavy eater—enjoys his hour in the open, and arrives down town ready for the heaviest load that can be piled on his broad back.

Perhaps the chief asset in Mr. Teagle's health program is his ability to rest. When he was starting for Washington some months ago to testify before a congressional investigating committee, he climbed into the sleeping car half an hour before leaving time, and made for his berth.

"What's the use?" his companion asked him. "With all the racket of porters lugging in bags and people climbing into uppers, you won't be able to go to sleep until the train pulls out."

"I won't?" he laughed. "Huh! I'll be lucky if I can wind up my watch before I doze off."

Walking to keep fit

IF A tall, ruddy, financial-looking young man swings past you down Fifth Avenue at a little after eight o'clock any morning, don't spurt and pass him. If you do, he will overtake you in the next mile and leave you wondering how you ever fancied yourself a good walker. The man is Charles E. Mitchell, and he is not so young as he looks and moves. He is in his early fifties, though with his graying brown hair hidden under his hat he looks like forty. He would rather go without his breakfast than miss that walk.

It would be interesting to figure in dollars and cents just what that walk is worth to the stockholders and clients of the National City Bank, of which

Mr. Mitchell is chairman. It is one of the things on which he relies to keep himself up to his work.

Mr. Mitchell had the good luck to be born robust and the greater luck to know that he must nurse his strength as his greatest asset. Too many strong men try to live on their ancestor's strength—and break down. He played games at Amherst, not as a star, though he managed the baseball and football teams. It is a striking coincidence that the four leaders mentioned in this article—Hoover, Rockefeller, Jr., Teagle and Mitchell—were managers of their college teams. Their executive qualities developed early. They were interested in sports, practised them enough to keep themselves healthy, but did not let athletics run away with them.

Exercise with friends

AFTER leaving college Mr. Mitchell kept himself in good condition by a brisk walk every day and games of tennis when he could find time. Walking he ranks as the best of all exercises. Especially when one walks through lively streets, which always entertain the man who keeps his eyes open. He usually enjoys the company of one or two friends whom he picks up punctually on the way. Below Washington Square the sidewalks are too crowded for comfort, so they get into a car and ride to Wall Street. They have the benefit of lively exercise plus good company. Incidentally, Mr. Mitchell's whole scheme of keeping fit depends on the amount of pleasure he derives from it; whether walking or playing golf with his friends, or riding at Tuxedo Park, or playing tennis with his wife and children.

When he was about 40, he found that in spite of careful living he was putting on too much weight, so he looked around for help. A fellow officer of the National City Bank invited his friend Walter Camp down to lunch. Before the meal Camp taught him and Mr. Mitchell the Daily Dozen. All banking business was laid aside, forgotten, while the three earnest men in the president's private office threw off their coats and went through the elaborate program of twisting, stretching and gyrating. They persisted until they were perfect. From that day to this Mr. Mitchell has not failed to do his Daily Dozen. Even

when traveling by rail he manages to find elbow room somewhere, and goes faithfully through his drill. This and his morning walk—which cannot be prevented by anything less than a blizzard—are the staples of Mr. Mitchell's training. With these he combines moderate eating and plenty of sleep, on a punctual schedule which might seem a little bit fussy and exacting if the results were not so important.

Yet his system is simple enough for anyone to follow; exercise a little every day, and do it regularly. The man who lets his heart and other muscles lie dormant all week, who sticks to his desk faithfully and takes a taxi instead of walking half a dozen blocks—then plays 72 holes of golf at the week-end—is really killing himself. The alternation of sluggish sitting for five days and violent effort for two days wrenches the human machine.

So when Mr. Mitchell is spending the summer at Southampton, he is easily able to play one or two sets of tennis—always in doubles, so there won't be too much running after the ball—and to go from the court into the ocean for a quarter of an hour in the surf. Or, when they are at Tuxedo in the spring and autumn, he finds entertainment in a mixture of golf and tennis—without too much of either.

In these diversions the pace is always moderate. No doctor has to warn him, "Remember, you are not a 1931 model!" Golf is his entertainer, not his task master. When the last putt rattles in the tin, the game is finished. He gathers in all the fun and forgets all the hard luck. It pays. The man who makes big bets on his golf and sets his teeth hard on every shot is simply changing business worry into gambling worry and wearing out his life.

Hard work in benevolence

IT IS just as hard work to give away millions wisely as it is to accumulate them—perhaps harder. That is why John D. Rockefeller, Jr., who has served for years as his father's lieutenant in giving more than 600 million dollars to promote the well-being of mankind has had to develop a plan to keep his energies up to their highest pitch. During 12 months every year he acts as liaison officer between the boards of the Rockefeller benevolent corporations and his father. There is not a more exacting or laborious job.

Yet those who meet the junior Rockefeller for the first time are surprised to find him looking so fresh and unwearied. His gray-blue eyes glow with health,

and although he is in the middle fifties there is a youthful flush in his cheeks and his stride is quick and easy. He earned 15 cents an hour breaking stone and sawing and splitting tough oak for the fireplace when he was only 12. At Brown University he managed the football team and helped it earn a profit for the first time in its history. He also worked in the gym and boxed. A big Brown guard told me of boxing with him.

"John," he said, "was scientific, fast on his feet and a quick, accurate hitter. He stung me so often that I banged him up against the wall, which was easy, for I was 40 pounds heavier. But he bounced off and hit me again every time, smiling and mixing it up with me; so I saw I had to knock him out or quit. I quit."

Plays and rides well

HE CARRIES the same smiling persistence into the squash racquets he plays three or four times a week at noon in the Whitehall Club. A young friend of mine beat him, 15-11, the other day before he was well warmed up; but in the next two games he settled down to a steady program of placing the ball just out of reach and won the match.

Realizing, that, as the wise doctor said, the outside of a horse is the best thing for the inside of a man, Mr. Rockefeller steals away whenever he can from his crowded business schedule, and is off for a canter over the hills of Pocantico, or jogging over the mountainous bridle paths of Seal Harbor. There is no hard and fast schedule for any of his sports, except that he is sure to get that hour of brisk, amusing work nearly every day. In the big playhouses at both his homes he and his boys and their friends have lively matches at squash or the fine old Irish game of handball. Golf he has tried and found wanting.

"All I could get out of it," he told his friends, "was a snappy pair of knickers."

The leaders mentioned here afford examples of what the ablest men in America are doing. To say nothing of the better work they do because they play a little every day, they enjoy life to a degree impossible for the man who neglects his health.

If anyone protests, "It's all very well for those big fellows, who can take time off whenever they like," let me answer that their responsibilities are so many and so heavy that they really have less leisure than the average man.

But they have a high degree of intelligence, and they know that it is a paying investment to have fun every day.

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BUILDING for world markets—the Continental research department has entered every field of gasoline power.

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The Tree Farmer Gets a Chance

(Continued from page 54)

vestments in timber growing. The situation of the lumber industry is not unlike that of other industries which convert natural resources. Wasteful and uneconomic exploitation of any of these natural resources is a national loss.

It would seem that the knot might be cut by creating a Federal Board on Natural Resources, to which a forest industry could submit the plan which it deems necessary for a rational control of production by collective or co-operative action within the industry. Let the Board approve, disapprove, or modify the plan, or attach any conditions necessary to protect the public interest. It would then rest with the industry to carry out the plan if it still desired to do so by the voluntary action of its members and through its own cooperative organizations.

Some control needed

SURELY we can find some way to prevent the loss and waste of natural resources while safeguarding the public against unreasonable restraints upon their conversion. Whether this suggestion is tenable or not, some means for controlling lumber production is today one of the pressing needs in the interest of forest conservation and commercial forestry.

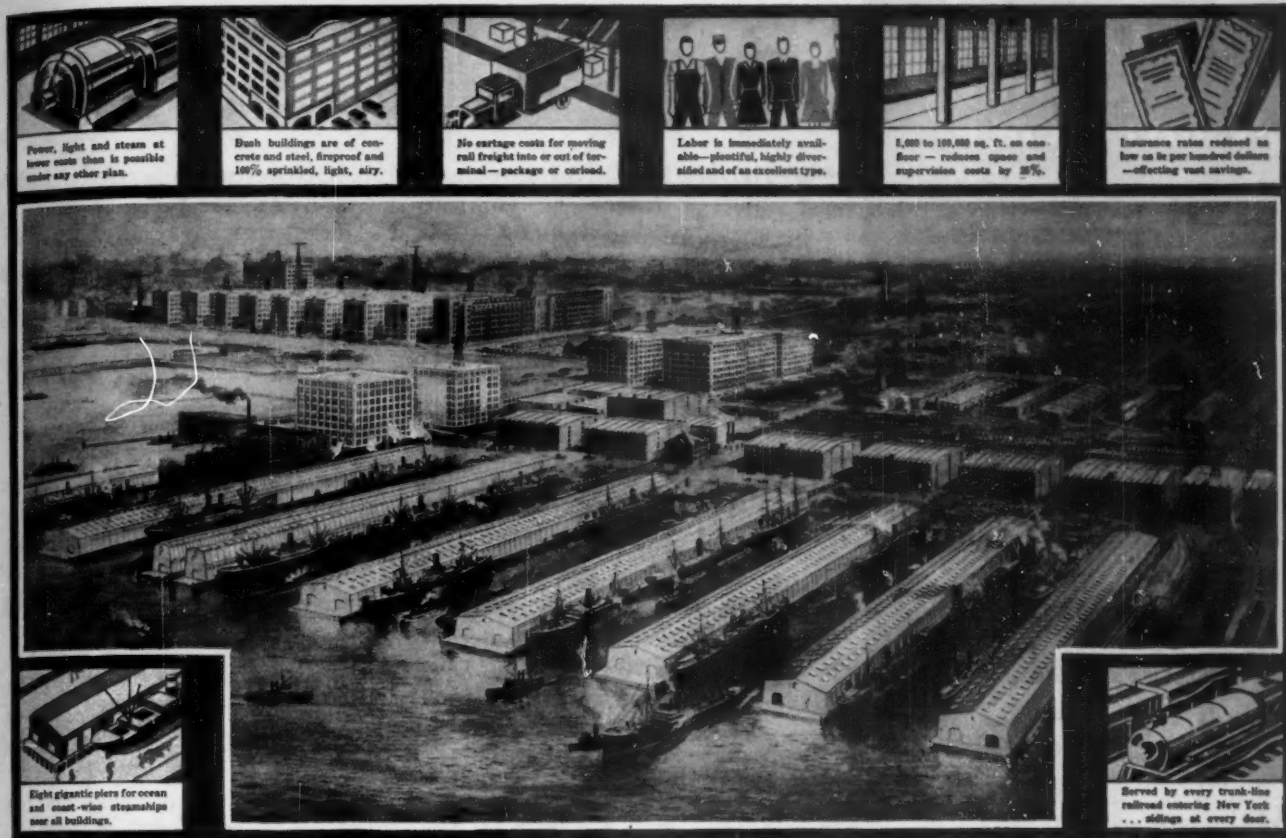
A constructive step in this direction has recently been taken by the President in announcing the early appointment of a Timber Conservation Board.

Americans are impatient for action. The country was awakened 30 years ago to the danger of losing its forests.

Fundamental economic problems can seldom be cured by summary measures.

The policy of the United States toward farm forestry and commercial forestry is one of cooperation and education. Federal cooperation is given the states in protecting forest areas from fire and developing the best methods of taxing forest lands. On the educational side, the Government and states are conducting a vast amount of research in methods of timber culture and utilization.

We will do well to stick to these principles. If progress in commercial forestry is slow, it will be sure because it is moving with the current of economic forces and because it is built upon the initiative and self-interest of American business.



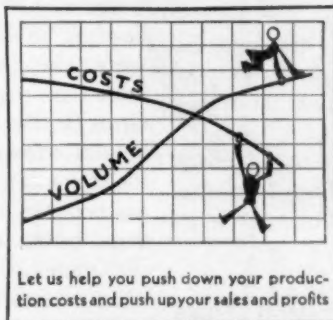
BUSH TERMINAL *isn't a building* It's a CITY

—An industrial city where costs can be cut in half and efficiencies multiply sales opportunities

NO, Bush Terminal is not a building anymore than New York is a street. Imagine ten million square feet of floor space devoted completely to the manufacture, warehousing and distribution of merchandise. If you find it difficult to picture that much floor space, think of it as a twenty-foot strip of floor that would reach a hundred miles.

Here are new types of industrial buildings. They may well be called industrial apartment houses, for they provide economies and conveniences that are as carefully planned and executed as those of your dwelling apartment house.

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WRITE FOR DESCRIPTIVE LITERATURE on Manufacture... Warehousing or Distribution or set a time at which a Bush industrial expert may interview you.

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Pull out the convenient, sliding drawer. Locate the desired record with the same ease as you find active correspondence in your steel filing cabinet. Speed! Cleanliness! Convenience! Economy!

Oxford Sliding Drawer Storage Files are made in sizes to accommodate letters, legal papers, checks, vouchers, documents, invoices, index cards, tabulating cards and deposit slips—and special sizes if you need them.

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When writing please mention Nation's Business

On the Business Bookshelf

THE NUMBER of investment trusts in America has grown to around 650. Investment trusts are settling into their position in the investment field as they have long since in England.

"Keane's Manual of Investment Trusts" surveys the field carefully each year. This year's edition adds a directory of houses which have offered securities, a six-year record of trust financing, state laws on investment trusts and the regulations of the New York Stock Exchange regarding them.

The 1931 edition shows a reduction of general management trusts while fixed trusts have more than doubled—increasingly from 70 in 1930 to 147 in 1931. The slight decrease in general management trusts was due principally to mergers.

"POPULATION and Its Distribution" gives the population of the United States by states and principal cities, Federal individual income tax returns, automobile registrations, and other statistics on shopping areas.

The book is very useful to those firms needing detailed figures on which to base their sales quotas. Population is given by states, counties, towns, and retail shopping areas. Individual income tax returns are given by counties.

AN ADMIRABLE explanation of central banks, Federal Reserve banks, credit control, and similar financial terms and functions is contained in the volume "The Federal Reserve system and the Control of Credit," a prize essay in the Simonds Economic Contest, by Walter Earl Spahr.

The various kinds and uses of bank credit are explained. Efforts to control the price level are explained. It is an informative book.

¹Keane's Manual of Investment Trusts, Fourth Annual Number, 1931. Financial Publishing Company, Boston.

²Population and its Distribution, 1931, Fifth Edition. Compiled by J. Walter Thompson Company. Harper & Brothers Publishers, New York, \$10.

³The Federal Reserve System and the Control of Credit, by Walter Earl Spahr. The Macmillan Company, New York, \$1.75.

LACKING even a title page and costing \$50, "Modern Color Schemes" is the most expensive book we have reviewed in proportion to the type. The six words are all on the cover and they cost, if the illustrations are considered as coming free with the cover, \$8.33 per word.

IN "Un-Tax-It" the authors, Sanden and Horton, argue that the basic reason for economic troubles is the taxation system—and the trouble with the taxation system is that it collects from every one to give free services to a few.

"If the user of this service cannot afford to pay for it at a price based on the cost, how can those who do not use it afford to pay for that which another uses?"

Their theory is, further, that the prices on essentials such as food and shelter are increased twice to pay for nonessential services of government—once by the tax, again by the expense of shifting the tax to the final consumer.

"UNEMPLOYMENT Insurance in Great Britain" gives an impartial American investigation of the British insurance system and the experience with it. The chief faults with the system are that, though it was designed as an insurance system on an actuarial basis, it has been changed to a social economic experiment which is growing more and more costly to the national Exchequer.

The cost of unemployment insurance, however, in spite of its greatly extended scope, amounts even now to only little more than one-tenth of the total cost of Great Britain's social services, including, besides unemployment benefits, workmen's compensation, poor law relief, old age pensions, widows' and orphans' pensions, public education, workers' housing, public hospitals, maternity and child welfare.

⁴Modern Color Schemes, by Oscar W. Wentz.

⁵Un-Tax-It, by Hugo E. Sanden and Earl E. Horton. Un-Tax-It Institute, Omaha, Nebr.

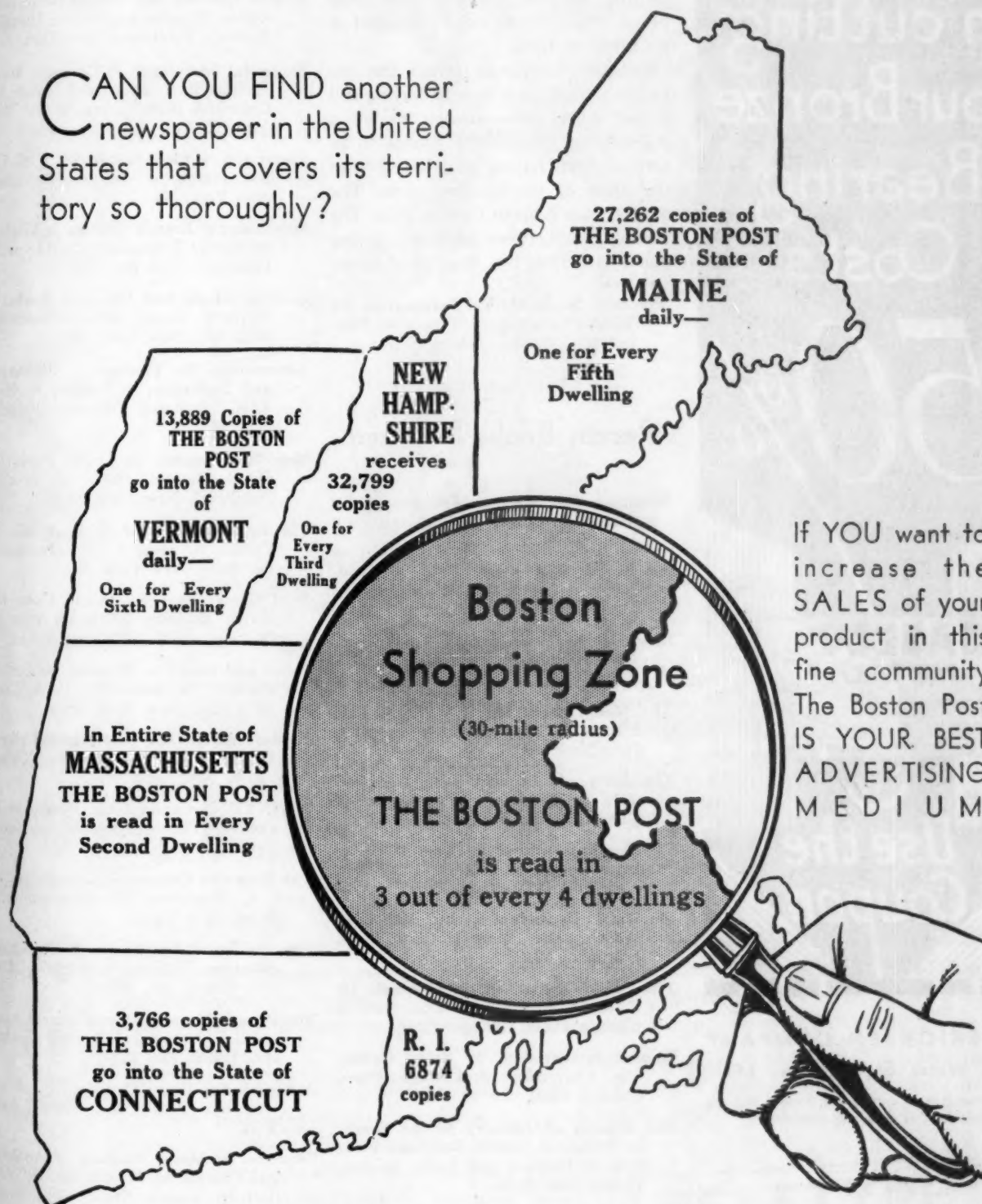
⁶Unemployment Insurance in Great Britain, by Mary Barnett Gilson. Industrial Relations Counselors, New York.

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"PRACTICAL Stock Market Forecasting" is an attempt to form a composite barometer to show when to buy and when to sell stocks. It considers the dividend yields in relation to interest rates, index of volume of manufacture and commercial paper rates, pig-iron blast furnaces in blast, pig-iron production, interest rates in relation to bond yields, the business and money curves, the index of volume of manufacture, bar-iron, pig-iron and coke prices. Then a composite barometer is set up from these.

Over a thirty-year period the barometer would have forecast buying and selling points close enough to get a majority of the security profits to be derived from buying and selling with the turns of the business cycle. The average miss is about three months. The average time between successive buying points is a little less than three years.

Practical Stock Market Forecasting, by William Dunnigan. Financial Publishing Company, Boston, \$2.50.

Recent Books Received

Education for Business Management, by James A. Bowie. Oxford University Press, London, \$3.25.

Annals of Real Estate Practice, 1930. National Association of Real Estate Boards, Chicago, \$7.50.

Industrial Evolution, by N. S. B. Gras. Harvard University Press, Cambridge, Mass., \$2.50.

The Model Stock Plan, by Edward A. Filene. McGraw-Hill Book Company, New York, \$5.00.

The Place of Agriculture in American Life, by Wilson Gee. The Macmillan Company, New York, \$2.

The Retail Executive, by Thorndike DeLand. Harper & Brothers Publishers, New York, \$3.00.

Municipal Expenditures, by Mabel L. Walker. The Johns Hopkins Press, Baltimore, \$2.25.

The Public's Investment in Hospitals, by C. Rufus Rorem. The University of Chicago Press, Chicago, \$2.25.

Filipino Immigration, by Bruno Lasker. The University of Chicago Press, Chicago, \$4.00.

The Coming of Industry to the South, by William J. Carson. American Academy of Political and Social Science, Philadelphia, \$2.00.

Management Problems, by G. T. Schwenning. University of North Carolina Press, Chapel Hill, North Carolina, \$2.00.

Profitable Department Store Management,

by Harry W. Schacter. Harper & Brothers Publishers, New York, \$4.00.

The Law of Cooperative Marketing Associations, by Mark Hanna. The Ronald Press Company, New York, \$7.00.

Directory of Swiss Manufacturers and Producers, 1930-1931. Published by the Swiss Office for the Development of Trade, Zurich and Lausanne.

Credit Manual of Commercial Laws with Diary 1931. National Association of Credit Men, New York.

English Executor and Trustee Business, by Gilbert Thomas Stephenson. Harper & Brothers Publishers, New York, \$4.

Successful Speculation in Common Stocks, William Law. Whittlesey House, McGraw-Hill Book Company, Inc., New York, \$3.50.

Credit and its Management, by J. H. Tregoe. Harper & Brothers Publishers, New York, \$3.

Sixty Years of Branch Banking in Virginia, by George T. Starnes. The Macmillan Company, New York, \$2.

Looking Ahead with Common Stocks, by Pierre R. Bretey. Wetsel Market Bureau, Inc., New York, \$3.

Advertising: Its Economics, Philosophy and Technique, by Herbert W. Hess. J. B. Lippincott Company, Philadelphia, \$5.

Man Management in Chain Stores, by H. R. Barnett. Harper & Brothers Publishers, New York, \$3.50.

The Economic Life of Soviet Russia, by Calvin B. Hoover. The Macmillan Company, New York, \$3.

Wild Game: Its Legal Status, Game Research Division, E. I. du Pont de Nemours & Co., Wilmington, Del.

Policy and Ethics in Business, by Carl F. Taeusch. McGraw-Hill Book Company, Inc., New York, \$5.

Lumber and its Uses, by Royal S. Kellogg. Fourth Edition. Scientific Book Corporation, New York, \$4.

The XYZ of Communism, by Ethan T. Colton. The Macmillan Company, New York.

The Interstate Commerce Commission, by I. L. Sharfman. The Commonwealth Fund, New York.

State and Local Taxation of Business Corporations. National Industrial Conference Board, Inc., \$2.50.

The Present Status of Mutual Benefit Associations. National Industrial Conference Board, Inc., \$1.00.

A Speech for Every Occasion, by A. C. Edgerton. Noble and Noble, New York.

Personnel Problems: Methods of Analysis and Control, by Felix E. Baridon and Earl H. Loomis. McGraw-Hill Book Company, Inc., New York.

Economic Behaviour: An Institutional Approach, by Willard E. Atkins and others. Houghton Mifflin Company, New York. Two volumes.

Teletype is like a messenger wearing seven league boots

It annihilates both distance and time by sending typewritten messages by wire!



Operating two or more widely-separated offices, factories or warehouses presents serious difficulties because of the time lost in exchanging written communications. Teletype ends this handicap by bringing all units as closely together as though they were in the same block.

By sending *typewritten* messages over telephone wires at a speed of 60 words per minute, Teletype accomplishes in moments what formerly took hours or even days. Every letter or figure typed on the sending machine is instantaneously and accurately reproduced by the receiving machine, no matter how far distant it may be. Even intricate formulae and specifications can safely be Teletyped.

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filing, thus eliminating misunderstandings and definitely fixing responsibility. Machines can be used in either direction, and no special operators are required as anyone who can use a typewriter can operate Teletype.

For further information regarding Teletypewriter Service, consult your local telephone company or write the Teletype Corporation, 1400 Wrightwood Ave., Chicago.

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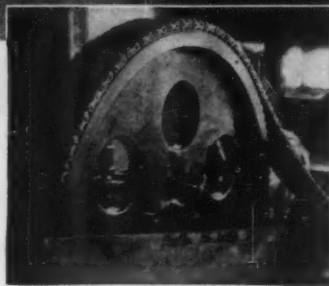
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For Steel Pens & Fountain Pens

Chas. M. Higgins & Co., 271 Ninth St., B'klyn, N. Y.

Our Next Job Is to Learn to Sell

(Continued from page 25)

them second-hand. The man who writes the advertising of the future will spend most of his time listening to customers instead of watching his competitors.

Service for which people pay reasonably is the only kind which is appreciated. Service means the prompt delivery of honest labor or merchandise at a reasonable charge.

Patience will be the most difficult virtue for energetic Americans to acquire. Salesmen visiting England, France or South America for the first time are disappointed when they attempt to drop in, take an order and leave on the next train. They forget that in America the product they represent has been known and advertised for many years and confidence in it has already been established. In new territory that confidence must be created.

Distribution corporations

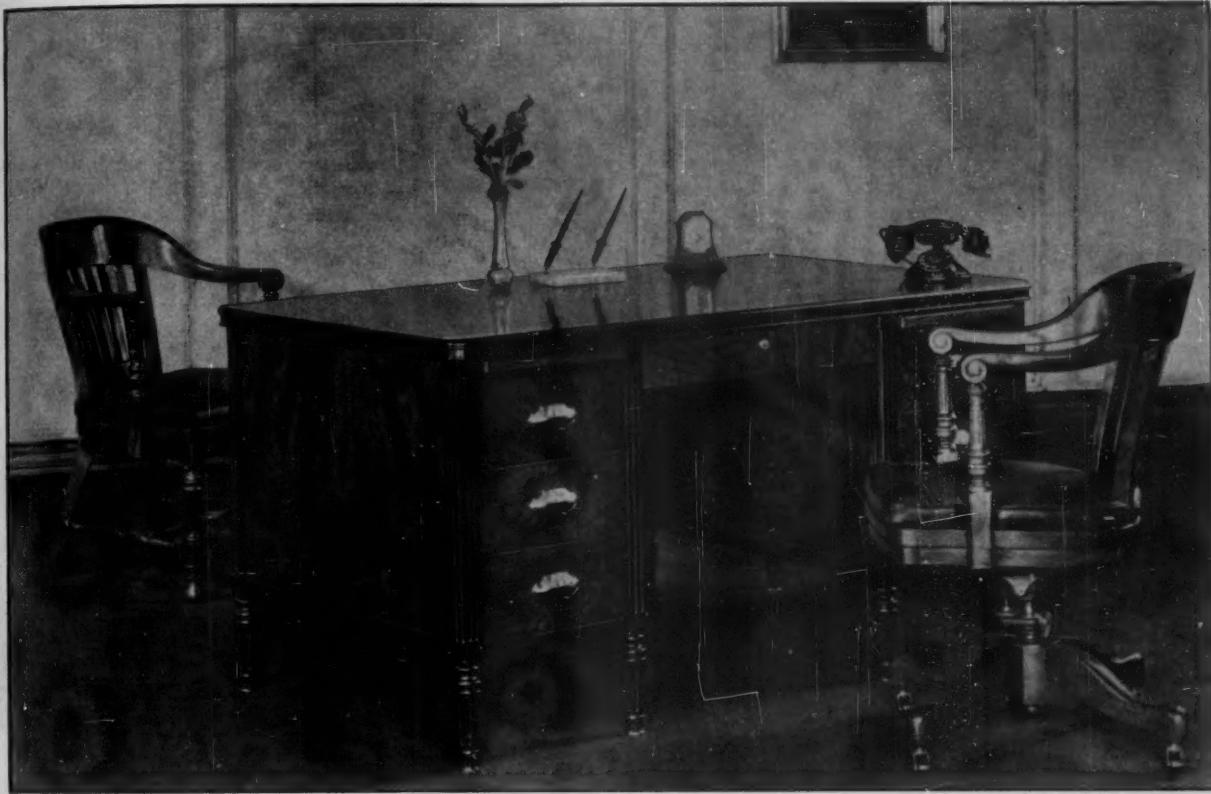
BUT these considerations are minor, except in so far as they represent fundamentals. The secret of world distribution in the new era will be revealed in the operations of a new kind of gigantic corporation which will direct the production and distribution of commodities. If government interference is minimized and politics eliminated, the people will buy what they want at prices they are willing to pay.

Farms and factories will produce for such corporations at prices assuring uniform output, fair prices and more stable markets. Engineers will design for every market demand. Purchasing agents will buy entire outputs of many producers. Salesmen will work on selling plans proven by experience. Advertising men will create desires where they were unknown before. The day of world-wide distribution, backed by brains and budgeting, money and men, modern machinery and market analysis, production control and progressive attainment of price levels through volume economies is just around the corner.

When Uncle Sam and all his children stop watching the competitor across the street and realize that we have all the necessary advantages to make us the dominant producer and distributor of the world, then we will all settle down to work—and go places and do things.

(This is the first of four articles by Mr. Jordan. The second will appear in the October NATION'S BUSINESS.)

Desks *tailored* to fit your job . . . Prices *trimmed* to fit your budget



MOUNT VERNON, FOR THE MAN OF IMPORTANCE! *Impressive, dignified . . . a truly handsome desk! Its details are distinguished . . . turned legs and moldings, handsome bronze drawer pulls. And its price is pleasantly low!*

IT'S the finest-looking desk you've ever seen in steel . . . Art Metal's new Mount Vernon. Walnut grain that *looks* like walnut. Resilient top . . . of *grained* Artolin. Handsome bronze drawer pulls. Well-shaped legs. Wire chases inside the desk to hide all phone and light wires.

Quiet, too. The drawers glide open, lock *silently*. The file works smoothly on noiseless ball-bearings. Drawer partitions fit

snugly, never rattle, never stick.

Any man in your office would be proud to claim this "big executive" desk. And it's priced down to *general office* levels . . . low enough for "off year" budgets.

Your Art Metal man is standing by with Mount Vernon, and its companions, William Penn, New Yorker. He has other desks to fit any job in your office. All fire-fighters . . . all built for a strenuous lifetime.

And we would like to send you—**FREE**—"Individuality in Desk Design," with pictures, descriptions, and a color scheme chart to help you find the right desk-in-color. Please write for it! Art Metal Construction Company, Jamestown, N. Y. Branches and agencies in 500 cities.

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"Office Shell Shock"

PUTS PARASITES ON YOUR PAY ROLL



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Frankly, do you think anyone can do a top

notch job in the din of the average office? Jangling telephones, slamming doors, street noises, clattering typewriters, constant chatter—these things are bound to take a terrific toll in output and profits, wrecked nerves and ruined health.

And it's all unnecessary, because it's a simple matter to subdue office racket.

Applying Acousti-Celotex sound absorbing tiles to the ceiling will do the trick. It's a quick and easy job, and results are assured.*

Acousti-Celotex ceilings require no extra maintenance cost, and are as permanent as the building. They can be painted repeatedly with any kind of paint without loss of sound deadening value.

Write today for further information on this remarkable material.

The Celotex Company, 919 North Michigan Ave., Chicago, Illinois. In Canada: Alexander Murray & Co., Ltd., Montreal. Sales distributors throughout the World. Acousti-Celotex is sold and installed by Acousti-Celotex contracting engineers.



* Acousti-Celotex insulation in the Boston office of Standard Oil Co. of New York. Chief Accountant H.E. Swanson says: "Acousti-Celotex was installed in rooms where addressing and billing machines operate. The reduction of machine noise that tends to disturb employees in the open office is of great importance to us, and Acousti-Celotex has proved of much value for this purpose."

ACOUSTI-CELOTEX
FOR LESS NOISE—BETTER HEARING

When writing to THE CELOTEX COMPANY please mention Nation's Business

Transporting Fish by Airplane

A SHIPMENT of fish, caught between dawn and 10:30 a.m. at Lac La Ronge, Canada, recently, reached a department store in Saskatoon, Saskatchewan, shortly after 1:00 p.m. that same day and was served to guests in the store's dining room at luncheon. They had been brought down from Lac La Ronge—250 miles distant—by airplane in a little more than two hours.

Fish are now taking to the air, or rather are being taken by air to market. Caught in Lac La Ronge, in north Saskatchewan, they are flown twice daily to Prince Albert, Saskatchewan, a distance of 200 miles, and from there they are shipped by rail to Chicago, New York and other American and Canadian centers.

Planes carry fish unfrozen

EACH plane carries about 1,600 pounds of fish, loaded fresh from the lake waters and in an unfrozen condition. Immediately on reaching Prince Albert they are iced and packed for rail shipment in fifty-pound boxes.

While airplane transportation has been reported satisfactory, it was found that increasing demand for the northern fish made necessary an additional means of carriage. Two motor tractors, each hauling a heated caboose, were placed in service. Each has a carrying capacity of about 7,000 pounds of unfrozen fish and a trip from the Lake by the two tractors generally brings sufficient fish to Prince Albert to make up a carload lot for shipment.

No strangers to our markets

THOUGH this is the first year in which fish have been handled by plane, Canadian lake fish are by no means newcomers to the American market. Catches from waters in the more remote areas of northern Saskatchewan and Alberta have been successfully marketed in various cities of the United States for several seasons past.

Fish from Lake Athabasca, northern Alberta, for instance, have won market favor, notwithstanding the fact that the distance they have to be carried from the Lake to the international boundary alone is about 700 miles.—

JAMES MONTAGNES



*An industry allied with the modern
tillers of the soil—GRINDING*

AGRICULTURE « » « »

Marvelous machines for time and labor saving, doing the work of the world's most ancient industry . . . cultivating—harvesting. Mechanical parts, made mechanically perfect by the grinding wheel and the grinding machine, make possible their great accomplishments. Norton Company, Worcester, Mass.

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 Grinding and Lapping Machines Refractories
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IN 4 MAJOR WAYS IRON FIREMAN

Saves



Users save over \$5,000,000 yearly

In 4 Major Ways an Iron Fireman Automatic Coal Burner saves money and increases heating plant efficiency:

1 Cuts fuel costs. Iron Fireman burns the smaller, cheaper sizes of coal. A nation-wide survey of users shows average yearly fuel savings of 31.62 per cent over other methods of firing, or more than \$5,000,000 yearly.

2 Provides steady automatic heat. Iron Fireman feeds coal to the fire in just the right volume to maintain steady heat or power. Regardless of weather or load conditions Iron Fireman "forced underfiring" maintains uniform temperature or pressure, thus increasing heating plant efficiency.

3 Reduces labor costs. Iron Fireman feeds coal to the fire automatically. Boiler room labor is reduced to a minimum and firemen have ample time for other duties.

4 Eliminates costly smoke nuisance. Iron Fireman feeds coal to the fire from below. As valuable gases are released they pass upward through the intensely hot fire, where they are created into useful heat.

How much will your savings be?

If you now use coal, hand-fired, or costly automatic fuels in your business or home, you will be money ahead by installing Iron Fireman. Get the facts. Write for literature, or ask your Iron Fireman dealer to survey your boiler or furnace room and submit his report. Buy your Iron Fireman by the month. Fuel savings and other economies of operation will go far toward meeting monthly payments. Iron Fireman Manufacturing Co., Portland, Oregon. Factories, Portland, Cleveland, Toronto, Canada. Branches and subsidiaries: Chicago, St. Louis, New York, Milwaukee. Dealers everywhere.

IRON FIREMAN



AUTOMATIC COAL BURNER

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Please give me full information regarding Iron Fireman

Name _____

By _____

Address _____

THE MACHINE THAT MADE COAL AN AUTOMATIC FUEL

When writing to IRON FIREMAN MFG. CO. please mention Nation's Business

When a Business Man Turns Banker

(Continued from page 41)

subordinate personnel to other endeavor, all in the public interest.

As a stockholder and director, still another responsibility is forced upon me if a 100 per cent assessment is to be avoided. I have observed that, whether banks are chartered by state or national authority, they still fail. The window and stationery legend, "Under State (or National) Supervision," means only that at stated intervals underpaid political appointees called examiners make an audit of the bank's books and cash until it is defunct and then post a notice on the door.

Skilled examiners should be able to diagnose what even directors may overlook and prescribe remedies that will keep the patient alive. The Comptroller of the Currency told a Senate committee that one of the worst crashes of last year was due to the "domination of a single arrogant individual." I cannot believe it was a post-mortem discovery. Were his directors and stockholders asleep?

Efficient operation

I WANT my bank to be departmentalized and operated under a sound cost determination system that will direct attention to the needs of weak departments and further develop strong ones.

As a stockholder I am interested in my bank's ability to earn dividends—honestly. Although stockholders of nearly half the banks of the country would have a better investment if they could liquidate their banks at par and invest their capital in five per cent bonds rather than continue in the banking business, we must have banks. Why not profitable banks?

As a depositor I want neither trinkets nor charity in handling my account. I want it to be profitable to my bank.

As a borrower I expect to pay a fair price for credit.

As a stockholder I demand intelligent management and if a receiver ever makes an assessment on me to liquidate a defunct institution all the fancy phrases of economists will only spell "bad management" to me.

As a director I shall continue my studies and observations to the end that I may help make my bank a truly good bank. I want it to survive to execute my last will and testament and I hope my stock will continue to be a good investment in trust for my widow and children.

I do not want my bank to fail.

What Wall Street Is Talking About

By MERRYLE STANLEY RUKEYSER

THE summer of 1931 has seen international economic depression reach its third phase.

The first stage was dramatized by a panicky run on the New York Stock Exchange, starting October 24, 1929 and culminating the following November 13.

By the second phase, the fears and doubts of the public had penetrated deeper, and this stage was marked by widespread runs on weaker commercial banks at home and abroad. This period reached its climax in the suspension of the Bank of United States in New York in December, 1930.

In the third stage, panic took a new form, and there were runs on whole countries, especially on Germany. The runs spread to Hungary, Roumania, and other parts of eastern Europe. Before it was over, the same psychological excitement spread to Great Britain, long the mistress of high finance, and resulted in gold losses of 151 million dollars in about ten days.

In such a setting, President Hoover departed from a policy of *laissez faire*, and proposed the one-year moratorium on reparations and interallied war debts. His action must be judged in the light of the emergency into which it was projected. It was analogous to mutual defenses put up by clearing-house members when one of their number has become an object of suspicion and skepticism. The Hoover moratorium was designed to stop the run on Germany—the hasty calling of loans, the ruthless withdrawal of foreign bank deposits, and the widespread flight from the mark.

The moratorium proposal was not the product of spontaneous, abstract thinking about the needs of the world. It was a practical measure intended to meet a specific situation. For a decade, men everywhere had debated the economics of reparations, but in the historic days of last June the facts loomed up and hit us all directly in the eyes.

NEITHER the moratorium nor the subsequent follow-up conferences achieved more than stop-gap remedies at

best, which gave statesmen of the world a breathing spell in which to come to grips with the underlying realities.

It will be recalled that at first the moratorium announcement acted as strychnine on the markets of the world. The electrifying effect was at length reduced by France's disposition to discuss reservations at a time when swift, bold, confidence-building action was needed.

Europe now is wondering whether the moratorium means the end of reparations. Dr. Hjalmar Schacht, former president of the Reichsbank, in his controversial new volume entitled "The End of Reparations," contends that reparations cannot be continued under existing international economic arrangements, although he indicates that, if Germany were assured adequate supplies of raw materials and access to world markets for the export of manufactured goods, it could begin to pay again.

My own view is that Germany could

make moderate payments to the Allies through the years, if allowed to prosper, especially in the export field. Under conditions of maximum depression, however, payments which seem moderate in good years become onerous.

As a matter of fact, the world-wide decline in commodity prices added enormously to the real burden of debtors everywhere. The best approach to sliding scale reparations would be through placing a moderate tax on exports which should be collected for the benefit of Germany's creditors.

THE recent dramatic arrangements in Europe, in my opinion, marked the end of an epoch of fiat economics. Previously an effort had been made to base economic agreements on the commands and wishes of politicians, rather than on the granite foundation of economic realities. For example, experts on reparations had somehow conditioned their recommendations to meet the political expectations of certain powers—fre-



New York Curb Exchange trading will be transacted on this spacious floor after September 15, when the Exchange will formally open its new building



Service to Your Business Based on Experience

LONG and extensive experience in serving important organizations in every major line of American industry places this Bank in an advantageous position to serve your business.

Some of the Facilities Available to Our Commercial Customers:

Complete domestic banking service.
Complete international banking service.
The advantage of ample resources.
The personal service of experienced officers.
Complete trust facilities.
Our private wires in the United States.
Our eight complete offices in Europe.
Credit information, domestic and foreign.

Guaranty Trust Company of New York

140 Broadway

FIFTH AVENUE at 44TH STREET

MADISON AVENUE at 60TH STREET

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

CAPITAL, SURPLUS AND UNDIVIDED PROFITS
MORE THAN \$295,000,000

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quently of France, which has been especially reluctant to take a strictly scientific economic view of the problem.

Secondly, the new arrangements, in stressing the economic weakness in Germany, have deferred for years, if not permanently dispelled, hopes for commercialization of reparation payments. Under the Dawes Plan and the Young Plan, it was contemplated that the Allies might capitalize expectations of future reparation payments from Germany, and issue bonds to private investors against such future claims. With the imminence of default so obvious, such investments would doubtless prove unattractive to private investors.

Thirdly, the run on Germany induced President Hoover to break with a tradition which had been religiously followed since the Versailles Conference in 1919—the nonparticipation officially of the United States in European meetings. Instead of sending Secretaries Stimson and Mellon to the London Conference as unofficial observers, President Hoover commissioned them as full-fledged delegates.

THE breakdown of the Young Plan was a direct consequence of the world depression. The economic fabric tended to collapse at its weakest point.

The immediate cause of Germany's economic embarrassment was the rise in the real burden of reparations resulting from a decline of more than 25 per cent in commodity prices since 1929.

Secondly, the German post-Dawes-Plan system of economics was upset by the retardation—by the virtual cessation—of long-term capital imports into Germany beginning in 1929. The check in long-term lending to Germany and to other debtor countries—an interference which played a key rôle in upsetting the economic balance of the world—was largely ascribable to developments in New York and in France.

Foreign long-term lending in New York was checked in 1929 by the competition for funds at high rates for speculation on the New York Stock Exchange. With the time-money rate hovering around nine per cent on safe brokers' loans, there was little incentive to export dollars to foreign borrowers. The chief inducement for foreign lending is ordinarily a differential in rates. But commercial borrowers overseas could not afford to outbid reckless speculators at home.

Instead of continuing to export funds as we had been doing for years, we actually imported free banking funds from all parts of the world. The nine

The Cost of Retailing Money

THOSE who know that 80% of the nation's population cannot borrow from banks do not question the economic need for small loan agencies. Without them, the majority of families in times of financial stress would have nowhere to turn for funds to pay their bills and buy the current necessities of life.

▼ It is the great and widespread importance of small loans which merited the consideration of the Russell Sage Foundation on the question: "What should they cost?"

▼ This philanthropic institution answered with a Uniform Small Loan Law which provided for a maximum charge of $3\frac{1}{2}\%$ a month on loans up to \$300. Twenty-five states have adopted this law, most of them with little or no revisions.

▼ To those who do not realize that the bank rate is a "wholesale" rate, charged usually on large loans to finance industry and commerce, this small loan rate may seem high. Upon deeper thought, it cannot be compared with bank interest. It is a "retail" price to the consumer, to pay the cost of supplying money in "broken lots."

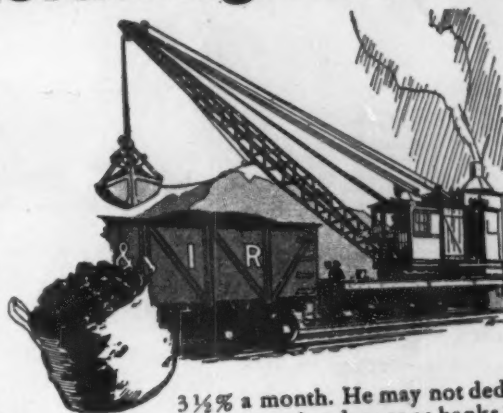
▼ A \$20,000 loan may be made on good security by a bank at one rate of interest. The same amount of money loaned to 200 different people in amounts of \$100 each would cost the lender much more.

▼ 200 interviews, 200 investigations, and 2,400 monthly payment collections during a year obviously cost far more than one interview, one investigation, and one collection.

▼ No one would expect to buy a basket of coal at carload prices. Lending money in amounts under \$300 is a retail business in cash.

▼ No law restricts the retailer of goods on the profit he may charge. If a merchant in food or furniture determines his selling price by adding 50% to 100% to his wholesale cost, to pay operation cost and profit, that's his business.

▼ Yet the laws of many states restrict the money retailer's gross profit to



$3\frac{1}{2}\%$ a month. He may not deduct his interest in advance as banks do.

He may not impose fines or extra charges for anything. His is the only business where every item of cost is clear to the customer, where there are no hidden charges.


▼ In spite of these stringent requirements, Household, America's foremost family finance organization, was able over two years ago (because of large volume and efficient management) voluntarily to reduce its rate to $2\frac{1}{4}\%$ a month on amounts above \$100 and up to \$300, almost a third less than the lawful maximum permitted by most state small loan laws.

▼ Competition and not legislation may be depended upon for a further reduction in rates, when and if possible.

▼ Household is concerned not only with the temporary relief of its customers' financial troubles.* It endeavors to help them attain permanent financial security.



***MONEY MANAGEMENT FOR HOUSEHOLDS**, a helpful booklet on budgeting family income, leading to the happiness of financial security, is offered without charge to all. Telephone, call, or write for a copy.

 **HOUSEHOLD**
FINANCE CORPORATION . . .
Headquarters: Palmolive Building, Chicago, Illinois
..(138 Offices in 79 Principal Cities)..
(Consult your telephone directory for the office nearest you) . . .

Turn the dial to your NBC Station every Tuesday night at 8:00 Central Daylight Saving Time and be a guest of the Household Celebration, featuring America's foremost stars of the opera, concert, and stage, as well as leading thinkers in affairs of national importance.

**WOOLING
BETTER TIMES
through
BETTER
UNDERSTANDING**

When the business of retailing money is better understood, more stable business conditions can be expected. For the paying of debts helps to restore capital and prosperity follows. Such organizations as Household make it possible for hundreds of thousands of families, in times of emergency, to pay their bills. This advertisement, part of an aggressive campaign appearing in newspapers of four and three-quarter million circulation, tells how such companies operate. Those desiring to inform themselves about the business of family loans, are invited to write to Dept. N7, Household Finance Corp., Palmolive Building, Chicago.

When writing to HOUSEHOLD FINANCE CORP. please mention Nation's Business

Forty-Niners



IN 1849, Conestoga wagons streamed across Western plains in the gold rush to California. Pioneer gas companies operating in that year of the forty-niners included **Rochester Gas Light Company** and **Worcester Gas Light Company**.

Among other Associated gas companies and the years they were founded are those serving:

Easton, Pa.	1850
New Bedford, Mass.	1850
Ithaca, New York	1852
Elmira, New York	1852
Cambridge, Mass.	1852
Johnstown, Pa.	1856

Seasoned by time, the Associated Gas and Electric Company, one of the first five utility groups in the country, has demonstrated the many advantages of group management of utility properties. A long, successful record is the best assurance of continued Associated progress.

To invest, or for information, write

Associated Gas and Electric System

61 Broadway New York



per cent rate acted as a magnet, and the effect was to starve other places for credit. In the late summer of 1929, I had an opportunity to talk with spokesmen of the Bank of England and the Bank of France, and I publicly commented on this trend.

The second interference with normal foreign lending was connected with the changing geography of the world's holdings of monetary gold, especially the broad shifting of funds from London, which understood the game of international finance, to Paris, which was distinctly less experienced in this rôle. Furthermore, gold was sterilized in France as a result of continuance on the statute books of an obsolete tax law which discouraged the export of capital through foreign loans.

The law had been passed during the earlier inflation to discourage the flight from the franc. Recognizing the changed conditions, the Bank of France agitated for repeal, and the French Parliament lifted the tax ban, but by the time the remedial action was taken the depression had already got under way and widespread political revolutions made free foreign lending temporarily uninviting.

This situation adversely affected all countries which had on hand deficient supplies of capital, and contributed to setting in motion factors which disturbed the price mechanism throughout the world. The cessation of lending hit Germany especially hard, as the Reich for years had in the last analysis been paying reparations out of funds borrowed by the Government or by private Teutonic concerns from individual investors abroad.

You Have a Young Comer in Your Organization

who would enjoy receiving **NATION'S BUSINESS** each month, and who would profit by reading it. You and he would both benefit from the ideas he picks up in this magazine. Why not subscribe for him.

-----Use this coupon-----

NATION'S BUSINESS
Washington, D.C.

Please send **NATION'S BUSINESS** to

Name.....

Address.....

☐ One year \$3.00 ☐ Three years \$7.50

And send the bill to

Name.....

Address.....

"I Hate to Break that Lock"



LEARN ABOUT

TELKEE

the Visible Key-Filing--

Key-FINDING System

Whether a few keys or thousands of keys—TELKEE Devices offer you the perfect system for knowing your keys—knowing where they are when you want to use them. TELKEE tells to whom keys have been loaned and when they should be returned. TELKEE is a simple, effective SYSTEM of positive key control applicable to every class of building and business institution.

WRITE FOR FULL INFORMATION

Thayer TELKEE Corporation

108 East 17th St. :: Los Angeles, California

OF COURSE, in the recent emergency, the Dawes Plan Loan was in a somewhat special position, because it constituted a prior claim to reparations. Sponsors of the loan in this country professed not to be worried about it, although the open market showed a less sanguine attitude. The bankers were, however, especially concerned with the safety of outstanding American short-term banking advances to Germany, running between 600 million and a billion dollars, and representing deposits of American banks in Germany, holdings of Teutonic acceptances and bills of exchange, and other paper growing out of normal, dynamic trade and banking relationships.

The moratorium was intended not only to protect these short-term investments, but also to safeguard the world from the calamitous economic effect of



ANNOUNCING... first Air-Conditioned Train* in Railroad History

THE COLUMBIAN runs between New York and Washington. Take it some hot day this summer. A stifling, collar-wilting day. The air in the car will be as fresh and cool as a sparkling day in fall. Engineers call it "Conditioned air." The newest theatres have it. The Columbian is the only train in the world that has it throughout. Cool, clean air that is neither too dry nor too moist—air that is every way ideal to breathe, and kept so by our method of automatic control.

First, all dust, cinders, and smoke are filtered from the air. Then it is given just the

right amount of humidity. Finally, the air is artificially cooled and is gently and evenly circulated so that the car never gets stuffy nor drafty.

Because of closed windows and rubberized trucks, outside noise is muffled, the car is relatively quiet, and dust, smoke and cinders cannot enter.

In winter the same equipment cleans the air, maintains it at the right temperature and proper humidity—better air than most people have in their homes.

Added to the other comforts of this fine

train, and to our smooth roadbed, "Conditioned air" makes the ride between Washington, Baltimore, Philadelphia and New York unusually pleasant and comfortable. And the motor coach ride between train-side at Jersey City and New York and Brooklyn, with a few minutes crossing the breeze-swept Hudson, is a delightful and convenient way to enter or leave New York.

Mr. W. B. Calloway, Baltimore & Ohio Railroad, Baltimore, Md., will mail on request a descriptive folder which tells all about this outstanding advance in railroad comfort.

70,000 OF US INVITE YOU TO RIDE ON OUR RAILROAD

BALTIMORE & OHIO

New York . . . Philadelphia . . . Baltimore . . . Washington . . . Pittsburgh . . . Cleveland . . . Detroit . . . Chicago . . . Cincinnati . . . Louisville . . . St. Louis . . . and intermediate points

Refrigeration and
Air Conditioning Equipment
by
YORK

YORK ICE MACHINERY CORPORATION
• • YORK • PENNSYLVANIA • •



» » Slipping a letter under the door of a room at the Roosevelt. No, not a *billet-doux* from the chambermaid! Just one of the stacks of letters that arrived in the morning mail for our guests; was sorted downstairs; rushed up to the various floors by special tubes; and distributed to the individual guest rooms. Due to the "Do not disturb" sign, this particular letter is being slipped quietly under the door. Otherwise, the maid would have knocked and delivered the letter herself. Simple, isn't it? Yet people who stay at our hostelry like such extra little attentions. They tell us so. Won't you please come and see for yourself?

The ROOSEVELT

Madison Avenue at 45th Street, New York
Edward Clinton Fogg—Managing Director



When writing please mention Nation's Business

having one of the principal countries go into decay. The moratorium was analogous to a reorganization of a commercial debtor by a committee of creditors. The seven powers' meeting in London early in July constituted the creditors' committee.

Lest pessimism take unreasoning bounds, it should be recalled that usually receivership certificates constitute high-grade investments.

A THIRD reason for the distress of Germany was the decline in gross volume and in net profits from the export trade, out of which Germany hoped to earn the means of reparation payments. This situation was directly tied up with the world depression, and was aggravated by the raising of tariff barriers by numerous countries, including our own.

Of course, a fourth factor was financial mismanagement in Germany itself. S. Parker Gilbert, former agent general of reparations, had repeatedly warned the Teutonic Government against the consequences of overspending. Dr. Schacht also had criticized the Government for gross financial mismanagement. The defense of the Socialist Government is that it made huge expenditures on social services intended to alleviate the distress of unemployment.

FROM a strictly American business viewpoint, the chief interest lies in whether these European danger zones can be held in check while recuperative forces are working at home.

President Hoover, it is believed, has felt for some months that domestic business is ready to recover, if not too much

disturbed by shocks from overseas. The Hoover moratorium in fact was the climax of a series of developments associated with an attempt at a "managed recovery." The "managed recovery" was significant as an index that powerful leaders thought the time ripe for the depression to end.

The first hints of the "managed recovery" came in Wall Street in the spring when the Stock Exchange made daily inquiry into the short position of member firms. Then banks and brokers sought to reassure the public by cutting margin requirements from 25 to 20 per cent.

THERE was encouragement for a "managed recovery" in the fact that business in the large had stood at the dead center of depression for many months. It is significant that since last December business interests have effectively held the line against further declining tendencies. Meantime, after allowing for seasonal variations, it is apparent that business has moved sideways.

Responding to the Babson formula that a depression lasts only as long as it takes the average man to wear out two pairs of trousers, the public began in the late spring to replenish supplies at an increasing rate. Accordingly, trades engaged in supplying goods going directly into consumption were doing far better than general business, which was still disturbed primarily by the distinctly subnormal character of the construction industry and also by the depressed status of the automobile industry.

To break the deadlock numerous pub-

Where Business Will Meet in September

DATE	ORGANIZATION	CITY
1	Eastern Nurserymen's Association	Bridgeton, N. J.
2-3	Southwestern Association of Nurserymen	Durant, Okla.
4	National Conference of Business Paper Editors	Toronto, Canada
7-12	National Association of Power Engineers	Kansas City
13-19	American National Retail Jewelers Association	Detroit
14-16	Northern Nut Growers Association	Geneva, N. Y.
14-17	Financial Advertisers Association	Boston
15	American Institute of Accountants	Philadelphia
15	Maryland, Delaware and District of Columbia Ice Association	Baltimore
15-18	Smokeless Coal Operators of West Virginia	White Sulphur Springs
17-18	National Hardwood Lumber Association	Chicago
21-23	American Fisheries Society	Hot Springs
21-24	Associated Master Barbers of America	Louisville, Ky.
21-25	American Welding Society	Boston
21-25	Master Horseshoers and Blacksmiths National Protective Association of America	Dubuque, Iowa
22	American Washing Machine Manufacturers Association	Chicago
22-23	National Publishers Association	Shawnee-on-Deleware, Pa.
22-25	National Association of Insurance Agents	Los Angeles
23-26	American Trade Association Executives	Asheville
24	Shipowners Association of the Pacific Coast	San Francisco
25	Alabama-Florida Turpentine Producers Assn.	Pensacola, Fla.
26-Oct. 2	American Electric Railway Association	Atlantic City
28	Advertising Specialty Association	Chicago
28	American Hospital Association	Toronto, Ont.
29	National Selected Morticians	Chicago
29-Oct. 1	International Association of Casualty and Surety Underwriters	White Sulphur Springs



"There's the weak spot . . . right where we thought we were strong"

Three contest prizes for volume had just gone to that district. In sales, it had been leading them all. Apparently it was entitled to the blue ribbon.

But there came an awakening.

It was discovered that this banner district was *not* a profit producer—but a profit eater, a trailer, a "dud." It was all right in volume—no mistake about that.

But it was low on the high profit items and high in the low profit staples—high in adjustment charges—high, too high, in sales expense.

The thing that put the spot-light on this situation and uncovered the profit leak was a broad, searching sales analysis—such an analysis as enabled a hard-headed executive to put his finger on a

certain spot in the column and say, "There's the weak spot."

Since safeguarding of profits is of vital importance, why not investigate the high speed, low cost way—the Comptometer way—of compiling and analyzing sales and profits.

And let the investigation include the time-saving, profit-building speed of the Comptometer on Inventory, Invoices, Payroll, Costs—any other figure work.

A Comptometer man, qualified by experience, is always at your disposal for consultation or assistance in getting your finger on the weak spots in the quickest, easiest and cheapest way, without charge or obligation. For the local office number, see your telephone book under Felt & Tarrant, or write us direct.



FELT & TARRANT MFG. CO.,
1712 No. Paulina St., CHICAGO, ILL.

If not
made by
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it's not a
Comptometer

CONTROLLED-KEY
Comptometer
ADDING AND CALCULATING MACHINE

Only the
Comptometer
has the
Controlled-Key
safeguard

BUILD YOUR LETTERS ON A FIRM FOUNDATION



Genuine Engraved Letterheads

No precaution is overlooked in assuring a solid foundation for a modern building; the more important the structure, the more care its supports receive.

The letterhead is the foundation of any business communication. It deserves similar care in planning. Genuine Engraved Letterheads will give your letters the impressiveness that wins a reading—and a response.

For a fraction of a cent more, you can enjoy the prestige of the genuine. This investment in quality will pay you surprising dividends in results!



Look for this Mark of Engraving whenever you order Letterheads, Business Cards, Greeting Cards or Announcements; it identifies the genuine.

ENGRAVED STATIONERY MANUFACTURERS ASSOCIATION
250 WEST FIFTY-SEVENTH STREET • NEW YORK

INSPIRE RESPECT



WHO WILL WIN THIS FINE TROPHY for the most impressive Genuine Engraved Letterhead?

This \$100.00 Parker DeLuxe Desk Set is FIRST PRIZE and one of three trophies to be awarded for the most attractive Genuine Engraved Letterheads. Ask your E. S. M. A. engraver or his agent for a free entry blank. Similar awards for Genuine Engraved Announcements, Christmas Cards and Business Cards. Write for names of E. S. M. A. members in your city.

★

licists have stressed the desirability of stimulating the construction industry. It has been suggested that the Federal Government should take the initiative. The history of the idea of using public works as a stabilizer of the business cycle should be recalled. In connection with the depression of 1921 President Harding appointed a Committee on Unemployment of which Mr. Hoover was chairman. This committee's body of experts, reporting in 1923, pointed out:

"The essential steps in any general program are to plan construction work, private and public, *long in advance* with reference to the cyclical movement of business, and in the case of public work to pass the necessary legislative appropriations when facts about the trend of business show that it is sound policy to spend money for such purposes."

In a foreword to this report, Mr. Hoover then declared:

"No waste is greater than unemployment; no suffering is keener or more fraught with despair than that due to inability by those who wish to get jobs."

★

IN BRINGING this remedy up to date earlier in the year, a group of outstanding scientific economists—including Edwin R. A. Seligman, James T. Shotwell, T. S. Adams, E. W. Kemmerer, T. N. Carver, Paul H. Douglas, John R. Commons, and Willford I. King—urged spending an additional billion dollars on federal public works. They said:

"We are simply approving again a principle accepted by leading economists and socially minded business men for a generation past. . . .

"It seems only logical that the Federal Government, which has been urging these expenditures by business men and local governments, should now do its part in restoring the purchasing power of the masses of the people by an extensive expansion of such public works as post roads, reforestation, elimination of grade crossings, reclamation and flood-control projects, and other improvements that do not compete with private industry and can be undertaken promptly. . . .

"The cost cannot be compared to the loss sustained by all classes of the nation if such expenditures are not made."

Professor Seligman, in a separate memorandum, said:

"If it is permissible for government to spend billions in war time in the organization of production, it is no less legitimate for government in a great emergency of peace time to do what it is also impossible for private individuals to accomplish."

5 YEARS gruelling wear— MASTIPAVE, the Magic Floor, still going strong!

A paper warehouse*—terrific punishment of floors—by trucks and scuffling feet. Since 1926 this Mastipave floor has withstood every traffic attack. So successfully that the same concern has put down four more Mastipave floors!

No other floor covering can give such service at so low a cost—only about 14 cents a square foot, LAID! In rich colors and decorative effects, slightly more.

Mastipave is resilient, non-slip, rot-proof, water-proof and acid-resisting. Write for free booklet. *Name on request

THE PARAFFINE COMPANIES, INC.
475 Brannan Street San Francisco, Calif.
BRANCHES IN PRINCIPAL CITIES 130

THE LOW-COST, LONG-LIFE FLOOR COVERING

MASTIPAVE

Entrust next year's advertising to a regular advertiser . . .

AN OPEN LETTER TO THE CLEAR-THINKING BUSINESS MEN OF AMERICA . . . NINTH OF A SERIES

EXECUTIVES who are studying the advantages of advertising in *The Literary Digest* in 1932 will be interested to hear how *The Digest* practices what it preaches.

Years ago, *The Digest* pioneered in the use of street-car cards . . . it was the first magazine to advertise week by week in newspapers . . . the first to put daily radio programs on the air . . . this year it is the first business of any kind to place advertising in airplanes.

The Digest sells itself to subscribers by advertising, sending millions of mailings yearly to homes with telephones, taking national polls on matters of national interest, using regular publication space (including *The Digest*) and making daily news broadcasts.

Results can be measured in terms of high success, as a publishing business—with the largest circulation revenue of all magazines, with a record ratio of renewals and with rising sales straight through the hesitant times of 1930 and 1931.

And the results can be measured in terms of success for advertisers.

The methods and manners of *The Digest* have made this an essential magazine, having peculiar advertising values. *First*, in the character of readers—people of active interests and high standards. *Second*, in the character of their reading—attentive, thorough, persistent. *Third*, in their responsiveness to advertising—proved by the fact that subscriptions are secured by advertising and proved further by unusual returns for advertisers who have made specific tests.

All these points are of first importance to those businesses that have decided to get better next year. For 1932 profits in almost any line will be won by careful, common-sense planning and straight-line action.

The Digest asks only a fair judgment of values. It advises a strong promotion program for 1932 because it believes in advertising! It asks a high place on your list because it believes in its audience!

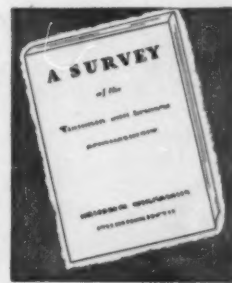


DRAW YOUR OWN CONCLUSIONS

The Literary Digest offers to help you make a thousand-name check of reader responsiveness—and will rest its case on the returns. If interested, ask for details. Our subscription list is always open for inspection and tests for quantity or quality are welcomed.

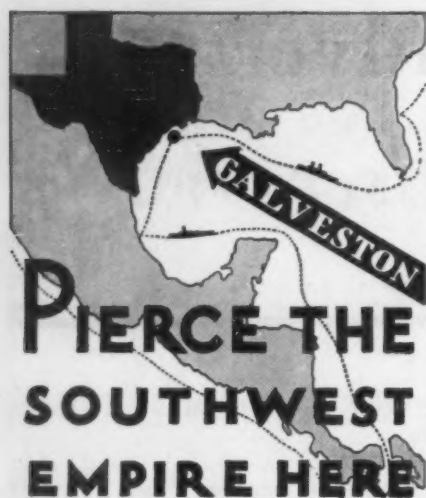
★ ★ ★

The Literary Digest is an essential magazine—more than 70% of its subscribers are executives, owners of businesses or professional people. . . . It enters the best million homes with telephones, a market which buys two-thirds of all advertised commodities and buys them first. *The Digest* reaches 36% of all families of \$10,000 income and over and 20% of all families having over \$5,000 income. *Digest* advertisers buy a guaranteed average circulation of at least 1,400,000 preferred prospects. Write for rates and further facts.



★ The Literary Digest ★

SOUNDING - BOARD OF AMERICAN OPINION



The Galveston Customs District, with the Port of Galveston its head, ranks second only to New York in value of commerce. Steadily mounting coastwise shipments chart the trend of business . . . into the southwest empire: A mighty agricultural belt, oil territory, the greatest raw materials area in the country rapidly becoming industrialized—a fertile, prosperous market whose cities break census records.

Pierce the wealthy southwest empire at America's port of quickest dispatch. Water rates are low. Regular express-like service to and from the Atlantic seaboard, direct connections with west coast points, steamship service to every port on earth. Giant rail systems, five in number, cover the hinterlands.

Galveston, on the open sea, is one of the world's most efficient ports. Central management since 1854 has eliminated red tape, duplication of efforts, waste. All units work together. Docks, tracks, and structures are placed to facilitate the quick transfer of merchandise—car detention reduced to a minimum. No traffic tie-ups here. Shipments are speeded, saving shippers thousands of dollars a year.

A line due north from Galveston bisects the nation, fixing this port as the natural gateway to a vast trade territory. Rates on many commodities make profitable commerce with points as distant as Kansas City and Chicago, via Galveston. Cultivate the Southwest market. Route your shipments through its oldest, ablest, nearest port. Write

Galveston
Chamber of
Commerce
or
Galveston
Wharf
Company

Consider this pivotal city as a manufacturing or distributing point. Write for free subscription to the Shippers' Digest of Galveston containing Steamer Schedules.

PORT OF
GALVESTON
ON THE OPEN SEA

When writing please mention Nation's Business

The Worker's Lot in Soviet Russia

(Continued from page 38)

make the worker more patriotic. The thoughts for the masses are given to them in predigested form. All are conformists, or they starve.

The people apparently accept the existing régime. I would say they are loyal to it were it not for the fact that my observations have led me to believe that loyalty as we understand it is absent from the Russian nation, or else, under present conditions, the Russian finds it more advantageous to play his own hand. The people do love Russia, however, with a deep and touching affection. The authorities know this and make use of it frequently. The merest suggestion that invasion is imminent is enough to stir the average Russian man or woman to harder work.

No revolt against restrictions

THUS we see that the liberties of the Russian worker are restricted in every direction, and to an extent that would not long be tolerated by our workers here. Why, then, does the Russian submit? The answer is not a simple one. Many factors must be considered.

In the first place, the Russian worker knows that he is constantly being watched. The Government, through its efficient secret police knows not only what he is doing, but almost what he is thinking. From the Germans the keeping of complete and detailed records of every individual, native and foreign, has been learned. The worker dare not express an opinion that the country is run badly. He can trust nobody, because it is the duty of everyone hearing counter revolutionary talk to report it.

Spied on, with no home life to speak of, little or no privacy at any time, often with pitiful living and working conditions, the Russian worker keeps plodding along, accepting his lot. He knows that his government is powerful and sometimes cruel. He does not even expect justice as we know the term. Naturally he does not put his heart into his work.

Unemployment is unknown in Russia, the world is told. In a sense, that is true. But to an American their methods are unbelievably crude and elemental. Two to three times as many men will be given work in a mine as would be employed in the same mine here. When a house is built, many of the boards will be sawed from timber, by hand, right at

the scene of operations. Heavy drudgery is the rule in this land where machines have not yet been put to work in place of human muscles. Every able-bodied Russian works; the housewife, freed from the drudgery of kitchen toil, may be carrying coal on her back or braking on a freight train. I have seen women doing the surface work around the mines, although I have not seen them working underground as some claim they do.

The worker—laborer, mechanic or what not—is egged on by the thought, "I can give my children a start in life which can be of real benefit to them. I may be a laborer but my child may become a lawyer, doctor, engineer or business man."

The Russian Government favors education, and is trying to wipe out illiteracy. Each worker must, if necessary, spend several hours a week tutoring someone until the latter can pass a reading and writing test. Most of the higher education is of a technical nature. History and the humanities are little considered. What that will do in time can only be surmised.

Thoughtful men everywhere are watching the educational experiments of Russia with interest. They wonder what is going to happen in a country which makes a fetish of absolute equality when the process of education begins to bring out individual differences more and more sharply. The mind of the average Russian is not scientific. He is an emotional rather than a mental type. Whether a scientific training can be superimposed upon such an individuality is another interesting question.

No "individuals"

A LITTLE incident occurred one day in Kharkov which might well be pondered by any American laborer thinking of joining Senator Borah's caravan and going to Russia. The wife of one of the members of the American colony had priced some copper trays the day before and returned to make a purchase. With her maid acting as interpreter she asked for the individual who waited on her the day before. The communist in charge of the market heard her, and told her somewhat forcefully that there were no individuals in Russia. All were now equal, since the revolution had done away with individualism. (This is the third of a series of articles by Colonel Starr)

CUT CRATING COSTS WITH BOLTS

Containers for bulky, heavy articles can be simplified with the use of R B & W bolts and nuts

SHIPPER!
A bolted crate can
save materials, labor,
weight and freight.
Look into this at once!

To reduce the cost of your shipping containers, consider the use of R B & W Bolts and Nuts. Numerous shippers of heavy machinery and other bulky objects have saved money in several ways by adopting bolting material. Here are a few savings that can be accomplished:

1. Less wood required in crate.
2. Less time and labor required.
3. Less gross weight per article shipped in the crate.
4. Less freight paid because of lighter weight.

Corollary advantages are increased strength and added protection, and quicker unpacking at destination. A bolted crate is often used again, by certain shippers who erect the equipment they sell. Overhaul your shipping room methods, and see for yourself how you can increase efficiency by modern packing methods aided by the use of R B & W Bolts and Nuts.

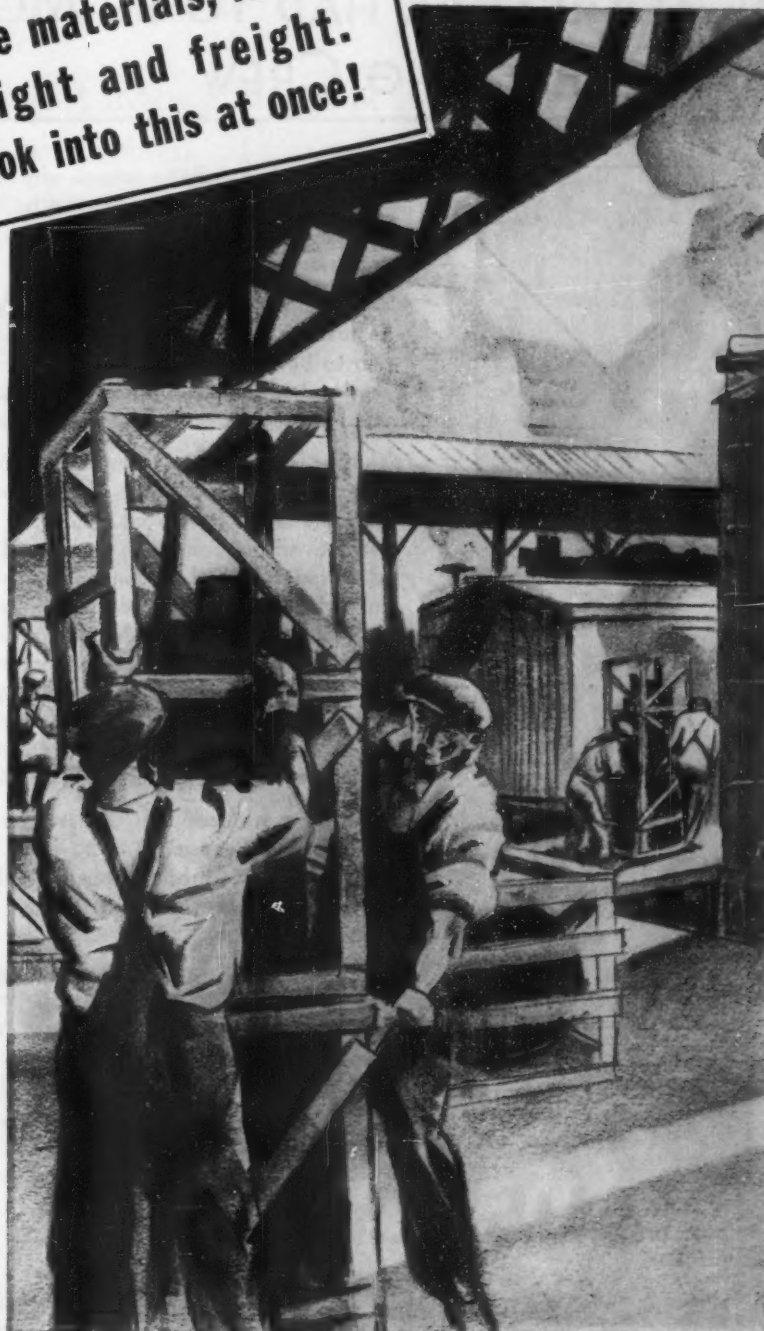
You will find R B & W Bolts and Nuts the best to use for this as for all other purposes, because of their consistent high quality, uniform strength and ease of assembly.



**RUSSELL, BURDSALL & WARD
BOLT & NUT CO.**

PORT CHESTER, N. Y., ROCK FALLS, ILL.
CORAOPOLIS, PA.

Sales Offices at Philadelphia, Detroit, Chicago,
San Francisco, Los Angeles, Seattle, Portland, Ore.





IF YOUR DESK HAD TO BE MOVED BY A WRECKING CREW



Hauserman Partitions are as movable as your furniture.



This careful study of office layout and planning may be of great value to you. Copy mailed free on request

THERE is a definite reason why office furniture is not permanently built in. It must be movable to meet changing conditions.

Yet, until recently, business has accepted immovable office partitions—walls that had to be demolished to be moved—and they had to be moved (from statistics) on an average of once every thirty months.

The realization of this waste has created a nation-wide acceptance of Hauserman Movable Steel Partitions. They are very attractive in appearance, sound and fire retarding, adapted to concealed electrical wiring and are easily and quickly movable without waste. Their acceptance is indicated by the fact that almost every important office building erected in recent years (including Chrysler and Empire State Buildings) have standardized on Hauserman Movable Steel Partitions.

Write for a free copy of "Office Planning Studies by Hauserman", a 32-page profusely illustrated book that is helpful to anyone concerned with office subdivision.

THE E. F. HAUSERMAN COMPANY
"Organized for Service Nationally"
6886 GRANT AVENUE . . CLEVELAND, OHIO

Factory Directed Planning and Erection Service from these 14 Factory Branches

Newark	Philadelphia	Buffalo	Boston	Kansas City
Chicago	Pittsburgh	Detroit	Cincinnati	St. Louis
Washington, D. C.	New York	Cleveland	Albany	

HAUSERMAN MOVABLE STEEL PARTITIONS

When writing to THE E. F. HAUSERMAN Co. please mention Nation's Business

Through the Editor's Specs

(Continued from page 9)

worry along without a plan, vaguely hoping that our business will just grow and that the resulting structure will be firm and enduring.

Many of us are willing to try to live in a business like that although we would not feel safe on the sidewalk in front of an apartment house erected on the same formula.

AL has been a kiln fireman at a brick factory ever since I have known him, drawing, I should say, from \$30 to \$35 a week. He's getting along in years now, but is still, as he says, "able to put up a day's work." He admits that the day may not be far distant when he won't be, but the thought doesn't disturb him. Not Al.

Some years ago Al bought a modest cottage at the edge of a village near the brick factory. A little while back he added a tract of eight or ten acres to his holdings. On this tract he built a snug barn of salvaged material.

"That barn stood me about \$85, I guess," he tells me.

Like a lot of his fellows, Al has been getting only part-time work this summer.

"A lay-off," he philosophizes, "means just layin' around to a lot of birds. Me, I built that barn during my spare time. I watched my chances and picked up two good cows cheap. Now they've got two good calves that I may either raise or sell. I got five good pigs too. They'll make me my winter's meat and some besides.

"I got me a crop of corn comin' on, too, that'll do for feedin'. I got a truck garden and a berry patch, some fruit trees and a hive o' bees that are making my bill at the grocery store next to nothing a week. I tend to things around the place when I'm not working at the factory.

"When the time comes that I'm not able to put up a day's work at the brick plant, I'll have this place to putter around on. It'll give me and the woman something to do and a good livin' too."

Pensions, retirement funds, old-age insurance are only words to Al. He's never had any such relief for his old age to look forward to. Consequently he has provided his own relief for old age—and he's proud of it.

int.

A STORY EASILY TOLD

The story of the Boston Evening Transcript requires no labored selling theme, no mythical areas, no fantastic divisions of population.

The advertising value of the Boston Evening Transcript rests squarely on these foundations:

—Edited for over a century for the people of Boston with substantial business interests and cultural development.

—Recognized as one of America's greatest papers.

—Indispensable to its readers.

Boston Evening Transcript

Highest ratio of BUYERS to readers

NATIONAL ADVERTISING REPRESENTATIVES

CHARLES H. EDDY CO.

R. J. BIDWELL CO.

Boston

New York

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THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

What It Means To Be There

THE next time your attention is called to a piece of copy that you are told has been particularly successful, study it. You will find one thing to be true. Namely, that *what* is being advertised is perfectly clear. Interesting, intriguing, even mysterious, as the heading may be, you will not search far into the copy to find out whether it is about bird cages or real estate. And you will find the selling argument is clear, simple and direct.

"*Being there*," in advertising, means putting across one's personality as well as one's name. The so-called "best" advertisements are usually perfectly clear as to the strongest selling point of the thing advertised. That is why the able copy writer throws up his hands in horror when a client starts listing a long string of selling points that he feels must go into the copy. The copy writer realizes that personality can lose itself when it becomes a mob of personalities. Thus the effective advertisement rarely tries to accent strongly more than one selling point.

The biggest thing about a person is the person himself. And the biggest thing about advertising is advertising itself. Therefore, most of us will agree that, in both cases, *being there* is the all-important thing. It is not copy or art or media that makes advertising but *being there* consistently.

And the reason for "being there" is that consistent advertising which represents a strong personality in the form of a simple direct selling argument is a sound and profitable investment.

H. B. LEQUATTE, *President*
Churchill-Hall, Inc.
New York City